

2014/15

Annual Report



**MOSSEL BAY
MUNICIPALITY**

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VISION, MISSION AND VALUES

VISION

We strive to be a trend-setting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity.

MISSION

- To render cost-effective and sustainable services to the entire community with diligence and empathy.
- To create mutual trust and understanding between the municipality and the community.
- To have a motivated and representative municipal workforce with high ethical standards, which is empowered to render optimal services to the community.
- To apply good and transparent corporate governance in order to promote community prosperity.

VALUES

The community is our inspiration and our workforce is our strength in the quest for community development and service delivery. We therefore value:

- Work pride.
- Service excellence.
- Integrity.
- Loyalty.
- Accountability.

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

The tabling of the 2015 Annual Report of the Mossel Bay Municipality is probably the last of the present Council’s term office. However, it remains as big an honour as the first time to table the annual report of a municipality which has again proudly maintained its position as one of the best municipalities in South Africa.

The report will show that the Municipality has once again fulfilled its vision of being a trend-setting and dynamic Municipality, which has achieved excellent levels of service delivery throughout.

However, it has not been an easy task. The Municipality again had to cope with the frustrations of communities over matters over which it has no control, such as load shedding, more increases in electricity prices well above the consumer price index and inadequate National Government funding for human settlement projects. The inflow of homeless and unemployed people from other parts of the country has put further pressure on the town’s infrastructure and service delivery capability.

The Municipality has achieved a fourth consecutive clean audit for 2015, which confirms its reputation as one of the best managed municipalities in the country. Less than five per cent of South Africa’s 278 municipalities have achieved four or more consecutive clean audits.

It is a strict audit, which is not only a financial audit, but also covers management practices, performance management and compliance with legislation. It is testament to the Municipality’s good financial health, good management and the dedication and diligence of its work force.

The Municipality continued to practice good and responsible financial management and once more ended the year in a sound financial position. Like in previous years it ended the 2015 financial year at good liquidity levels. The surplus at the end of the year also amounted to R82,3 million, including various non-cash transactions.

Basic services cannot be rendered properly nor can infrastructure such as roads and electricity, water and sewerage networks be maintained unless rates and taxes are paid diligently. The Mossel Bay Municipality is fortunate in that it could again rely on the integrity and sense of responsibility of its ratepayers and users of municipal services to the extent that a revenue collection rate of 98,1% of budget could be achieved in 2014/2015.



This excellent rate was achieved despite the difficult economic conditions. The continued increase in electricity costs, the weakening rand and fuel prices impacted negatively on the prices of even the most basic of commodities. The unemployment situation, which is typical of the rest of the country, has not eased since last year, while the town has many poor people as well as a large retiree population. These groups are more sensitive and exposed than anyone else to the constant price increases experienced in our country.

I would therefore like to thank the ratepayers as well as users of municipal services in Mossel Bay for the good payment culture prevalent in Mossel Bay despite the difficult economic times. I would also like to thank our Councillors as well as Ward Committees for their continued contribution towards instilling a culture of payment in our community.

The Municipality tabled and approved a credible and compliant and user friendly IDP for the year under review. The IDP and budget for 2014/15 laid the foundations for inclusive economic growth through a balanced infrastructure programme and the implementation of economic development and growth projects.

The Municipality has also done well in terms of basic service delivery. Minimum service delivery levels or above for water delivery services to households have been achieved in respect of 100% of households, while percentages of 99,6%, 85%, 93,7% and 86,2% of households were achieved in respect of sanitation services, electricity, waste removal and formal housing respectively.

Infrastructure development and maintenance received attention throughout the municipal area and several major capital projects were completed in the year under review.

Major projects included the rebuilding of the 30-year old overhead line between the Mossel Bay Intake and South substations at a cost of R2 million to provide a reliable supply of electricity to the Mossel Bay Central Business District and surrounding areas; the electrification of 526 houses, including various informal settlements in KwaNonqaba, Asla Park and surrounding areas at a cost of around R5,1 million and the building of a new 11 kV overhead line at a cost of approximately R3,45 million to link the Glentana and Great Brak River areas with a second Eskom bulk supply substation. The latter addresses the capacity constraints which caused prolonged power interruptions in the area and will also cater for new residential and commercial developments in the area.

The construction of a sludge dewatering facility at the Hartenbos Waste Water Treatment Plant has commenced in November 2014. The project is undertaken in phases and is expected to be completed in December 2015 at a total cost of around R18 million. The increased mechanical dewatering will allow for longer available drying time on the drying beds to ensure proper and sufficient dewatering of the waste sludge before it is removed and stockpiled for use as compost. It will also eliminate the present overload conditions at the Hartenbos plant due to ineffective sludge drying mechanisms.

The Friemersheim Waste Water Treatment Plant has been upgraded at a cost of R2,3 million to cater for the additional effluent of 195 kl/day for the new housing projects in the area as well as effluent from the old Eastern Plant, which has been discontinued. A total of 426 households will benefit from the project.

The installation commenced of a new 800 mm pipeline between the Little Brak River Purification Plant and the Langeberg reservoir to replace the existing 400 mm pipeline. This pipeline has been in service for 30 years and is in a poor condition.

To improve efficiency, 306 inefficient flood lights and 18 motors and substations were replaced at various municipal plants. The project was funded by the Department of Energy and a total amount of R3,45 million was spent in the 2014/15 financial year. The new energy efficient equipment will provide savings of around 392 000 kWh per annum.

A total of 649 old or defective residential water meters were replaced with new water meters to curb water losses. Two-hundred automatic meter reading devices were also installed at households, while 2 022m of defective water pipelines of various diameters were replaced throughout the municipal area.

A total amount of R15,8 million was spent on streets and stormwater projects in Greenhaven, Asla Park, Herbertsdale, Friemersheim and the Central Business District. A new minibus taxi facility was constructed in Asla Park at a cost of R1,5 million. An amount of R900 000 was spent on the upgrading of the ablution facilities at the Point.

Three housing projects, comprising 613 units in total, were completed at a total cost of R33,39 million. The streets and stormwater system for the middle-income housing project consisting of 104 erven were installed at a cost of R4,08 million.

Although the Municipality's human settlement planning has been approved and is in place to accelerate the building of sub-economical houses in Mossel Bay, its hands are tied by the inability of the National Government to provide the necessary funding in terms of its Constitutional budget.

The Municipality continued to support up to 6 891 registered indigent and poor households by way of a monthly subsidy on their household accounts to cover the basic fees with regard to sewerage, refuse removal, water and electricity. Indigent households received 50 kWh of free electricity per month. Like all other households, poor households received 20 kWh of free electricity per month, while both groups also received 6 kl of free water per month.

Concessions were also made to certain categories of pensioners. Depending on the levels of income of a single pensioner or of the joint income of married pensioners, they received discounts ranging from 30% to 50% on property rates and sewerage charges.

As will be noted elsewhere in this Annual Report, the Municipality has excelled in the number of community upliftment as well as economic development programmes it carried out in 2014/2015 and I have every reason to believe that Mossel Bay is also one of South Africa's leading municipalities in this regard.

The programmes, several of which are ongoing programmes, involved community health and welfare, youth development, pre-school as well as other education, local economic development, the aged and the disabled, rural upliftment, HIV/AIDS awareness, crime, substance and safety awareness, literacy, gender matters and sport.

There has been a strong emphasis on youth affairs and one of the most successful programmes was the Mossel Bay Junior Town Council. The Youth Council is made up of 25 representatives from the six high schools in the municipal area. It met monthly to discuss needs pertaining to schools and also initiated and carried out several community upliftment programmes.

I would also like to draw attention to the ramps that were built at six houses in KwaNonqaba for disabled persons. This programme was financed from the Mayoral Relief Fund, a fund which is dependent on donations as well as fundraising events such as the Mayoral Gala.

The Municipality has received several awards and accolades in the 2014/2105 financial year.

They include:

- Winner of the Western Cape Greenest Municipality competition for the second successive year in 2014.
- Finalist in the SABC 3 Enviropedia Ecologic Awards category for municipalities.
- Winner of the IMESA award for the Wolwedans Housing Project for best Community Upliftment Project.
- Winner of the 2015 Govan Mbeki Award for best People's Housing Process Project in the Western Cape, and second in the National 2015 Govan Mbeki Awards for the same project.
- Three awards at the 2014 Gender Links National Summit in Johannesburg to recognise the Municipality's Gender Mainstreaming and Gender-Based Violence initiatives.
- Ranked second in terms of Local Economic Development Maturity of Western Cape municipalities in 2014.
- Selection of the D'Almeida Library by the National Library of South Africa as one of the participants in the Global Libraries Pilot Project. The global project is funded by the Bill and Melinda Gates Foundation in 30 countries to transform and upgrade library services at international level.
- Five-star grading in 2014 for three of its four Blue Flag beaches, and four stars for the fourth.

- Certificate of recognition at the SALGA National Members Assembly in March 2015 for excellent water services operational performance.

According to the Voice of Local Government: Issue 11 of July 2014 Mossel Bay was also identified as the most equal municipality in South Africa. According to the publication the “the perennial problem of gender inequality has been tackled with overwhelming force by Mossel Bay Municipality in the Western Cape, and it has a bag full of awards, inspirational female leaders and some pioneering programmes to prove it”.

Unfortunately there has also been some disappointments. The biggest of these were the politically inspired riots in August 2014, which resulted in substantial damage to municipal property. It is significant that the proverbial spark that lit the fire was illegal and dangerous electrical connections in areas where electricity could not be provided in terms of the policy of the Department of Energy, which finances the electrification of informal settlements, because they are situated on private land, flood plains or other unsuitable terrain.

Vandalism has again cost the Municipality millions of rand. Engineering services and equipment, new houses, sports facilities, ablution facilities, municipal halls and roads signs were all vandalised while the theft of road signs, overhead power lines, fuel, equipment and even paving bricks occurred regularly. It is unfortunately very difficult and costly to protect these assets all the time because of the large scale on which they occur. The community is also reluctant to identify the culprits so that they can be arrested.

My report will not be complete without mentioning the retirement of the Municipality’s long-serving Chief Financial Officer, Mr Herman Botha, towards the end of 2014. Mr Botha laid the foundations for the excellent financial systems and procedures that the Municipality uses to ensure strict financial control and discipline and which is the basis for the good financial health which the Mossel Bay Municipality continues to enjoy.

Under his leadership the Mossel Bay Municipality received three consecutive clean audits and was always at the forefront of meeting new National Treasury requirements such as the implementation of the Generally Accepted Accounting Principles (GRAP) as well as supply chain management systems for municipalities.

He was generally regarded as one of the best municipal chief financial officers in South Africa and the Mossel Bay Municipality was fortunate to have someone of his calibre to guide its financial affairs over so many years and enabling it to adapt quickly and effectively to new systems and requirements.

In conclusion, I would like to thank my fellow-Councillors, particularly the members of the Mayoral Committee as well as the Municipal Manager, Dr Michele Gratz, the management team of the Municipality and all personnel for keeping the Mossel Bay Municipality one of South Africa’s leading municipalities in terms of service delivery, management excellence

and dedication. Thank you also for your loyal support and for remaining positive under difficult conditions.

South Africa is heading towards general municipal elections in 2016 and as usual this will bring about its own set of challenges for Council and management alike. However, I am confident that the skills as well as resolve are present at this Municipality to meet and overcome the challenges in the best interest of the community of Mossel Bay and for the Municipality to remain an example of good governance and exemplary management.

A handwritten signature in black ink, reading 'M Ferreira', enclosed within a thin black rectangular border.

ALDERLADY MARIE FERREIRA
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

It is a feature of managing a municipality that every year is filled with major new challenges and a constantly changing operating environment. The 2014/2015 financial year has been no exception.

However, I believe that I am justified in saying that the Mossel Bay Municipality has once again performed well and scored some notable achievements in the year under review. Details about its performance are contained elsewhere in this annual report, but I would, like to highlight the following:



- The Municipality has achieved a clean audit for the 2015 financial year, making it the fourth successive year that a clean audit has been achieved. This would not have been possible without the resolve of Council, management and personnel to continuously pursue high standards.
- The Municipality continued to be in a state of good financial health and ended the 2014/2015 financial year with a cash surplus of R83,7 million, including non-cash transactions.

A current ratio of 2.3 (2014: 2.3) was achieved, which shows that the Municipality ended the year under review in a very liquid position and that current assets were more than double the current liabilities. This placed the Municipality in a good position to maintain consistent and high service delivery levels.

The ratio for turnover to accounts receivable came to 5,7:1, the same as in the previous financial year. This indicates that the Municipality generated 5,7 times more revenue than the total amount of its outstanding accounts.

The 2014/2015 revenue collection rate improved to 98,1 per cent from 97,5 per cent in 2013/2014. It once again exceeded the target of 95 per cent and the benchmark of 80 per cent for financial sustainability for South African municipalities.

Operating income decreased by 1,6 per cent to a still healthy R807,5 million from R820,9 million at 30 June 2014. The main contributor to this was the decrease in Actuarial Gains while service charges increased. Operating expenditure increased by 8 per cent to R723,8 million over the same period.

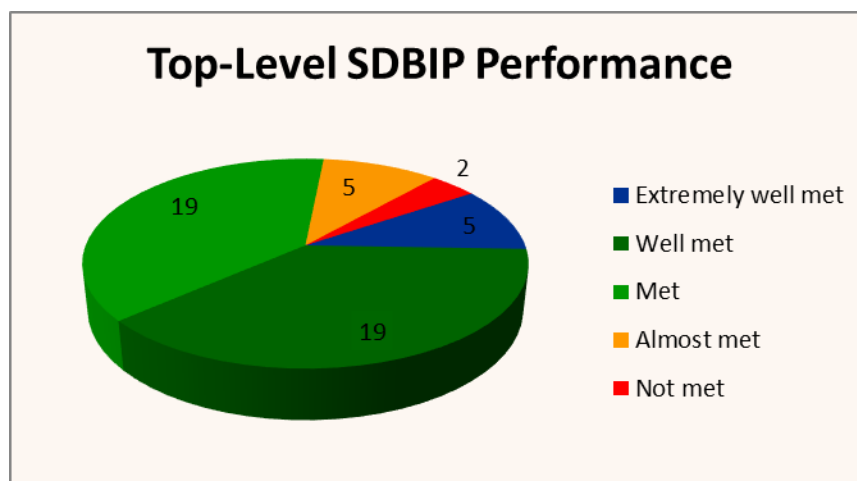
The Capital Replacement Reserve amounted to R128 715 032 at 30 June 2015, compared to R65 233 610 at 30 June 2014. The Municipality remained able to finance its annual infrastructure capital programme.

Capital expenditure amounted to R121 509 581 and was financed with R79 178 604 from the Capital Replacement Reserve, R39 209 298 from grants and subsidies, R1 051 930 from public contributions and R2 069 749 from other sources.

Outstanding external loans were reduced by R2 million more to R24 million at the end of the 2015 financial year. This compared with R26 million as at 30 June 2014. This relates to the loan of R30 million that was taken up in the 2011/2012 financial year in connection with the seawater desalination plant.

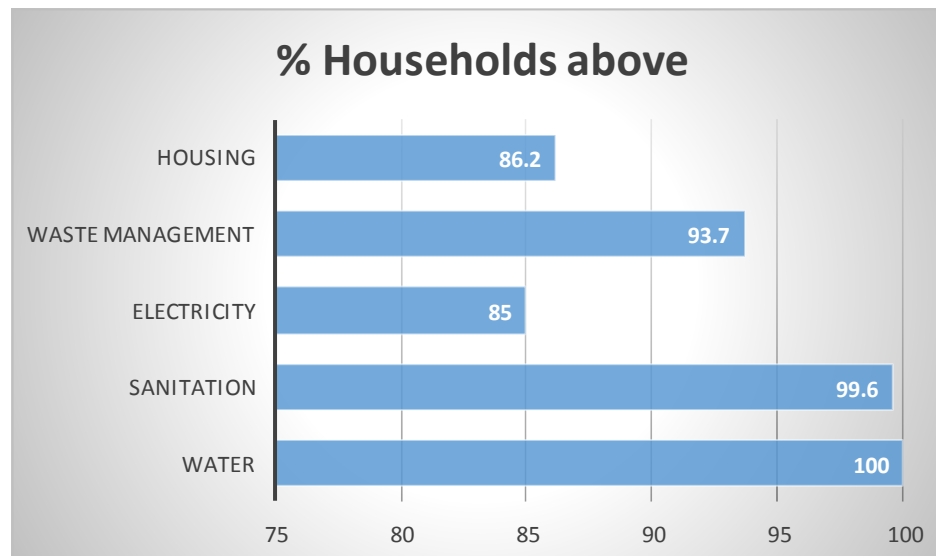
Employee-related costs were kept well under control and were reduced to 28,9% compared to 30,1 per cent in 2013/2014. This compared with the generally accepted national norm of 30 per cent.

- Operating expenditure versus budget for the year under review amounted to 94,8 per cent, while 82,4 per cent of the capital budget was spent. As in previous years capital budget expenditure was delayed because external funding was received very late in the financial year. Supply chain management procedures then still had to be followed, which made it impossible to spend the funds in the year that it had been received.
- The Municipality once again performed well in terms of its Service Delivery and Budget Implementation Plan (SDBIP), showing that it is a results-oriented organisation. The following chart illustrates its top-level SDBIP performance and shows that 24 per cent of objectives were met well to extremely well:



- In terms of basic delivery, the Municipality has once again fulfilled its mandate in an exemplary way.

The following graph reflects the percentages achieved in each of the basic service delivery categories:



The presence of informal settlements continued to impact on the percentages of households that could not be provided with minimum levels of service, often because they were inaccessible or situated too far from bulk infrastructure services to be connected.

- Vandalism and theft of municipal property continued to be a major and costly problem for the Municipality. The KwaNonqaba offices were damaged extensively because of arson during the August 2014 riots.

Although incidents are reported to the South African Police Services minimal success has been achieved so far in arresting or tracing the culprits. Council consequently resolved not to repair damage caused by vandalism anymore until such time as it could budget for repairs and also at the expense of other budgeted items in the ward in which the vandalism or theft occurred.

The electrification of informal settlements is particularly problematic and electricity theft by way of illegal connections occurs regularly. Illegal connections were also at the heart of the abovementioned riots. The Department of Energy (DOE), which provides the funding for the electrification of the informal settlements, also dictates the policy in

this regard. Some of the informal settlements in Mossel Bay did not qualify in terms of the DOE policy as they are either built within registered servitudes, under high voltage power lines or flood-prone areas.

- The following were the seven biggest capital expenditure projects completed in the 2014/2015 financial year:

- Asazani/Izinyoka Human Settlement Infrastructure	R20 644 298
- Regional Sewerage Works: Sludge Dewatering Facility	R11 000 000
- Upgrade of Water Supply Pipeline from Little Brak River Water Treatment Plant to the Langeberg Reservoirs	R6 509 566
- Wolwedans Rehabilitation	R5 832 000
- Electrification of 526 houses (Asazani/Izinyoka, Elangeni, KwaNonqaba, Asla Park)	R5 103 033
- Herbertsdale Services: Infrastructure	R4 492 600
- Infrastructure for Middle-Income Housing Project	R4 560 000
- Electricity losses improved from 7,63 per cent in 2013/2014 to 6,67 per cent in 2014/2015. This was the fourth successive year that electricity losses have been reduced.
- The provision of subsidy and affordable housing in the municipal area of Mossel Bay is faced with considerable challenges in terms of spatial issues, bulk infrastructure and financing. In an effort to alleviate the demand for housing opportunities the Municipality updated the Housing Settlement Plan to be rolled out over a 10-year period. It is proposed that $\pm 5\,800$ breaking-new-ground and $\pm 4\,700$ affordable housing opportunities be erected over this time span. During the financial year priority was given to the compilation of an Upgrading of Informal Settlements Plan in terms of the National Upgrading Support Programme (NUSP) spearheaded by the National Department of Human Settlements.
- Human settlement challenges and projects-in-planning to be commenced within the next 2015/2016 financial year include the relocation of the Powertown Informal Settlement to Sonskynvallei; the rectification and upgrading of the existing 206 top structures at Sonskynvallei; the completion of services to 154 erven at Herbertsdale and

commencing with the building of top structures; the completion of the provision of services to 256 erven and the commencement with the building of top structures on the last phase of the Asazani/Izinyoka project; the replacement of six storm-damaged houses in Tarka; commencement with the planning processes on two designated land portions in the Louis Fourie Road Corridor for mixed housing uses, which will aim to accommodate backyard dwellers captured on the housing demand database, and the technical planning for the implementation of the Upgrading of Informal Settlement Strategy adopted by the Municipality.

- During the financial year several flash floods occurred, damaging roads, property and stormwater infrastructure in Mossel Bay. A disaster claim to the amount of ±R6, 800,000 was submitted to the National Disaster Relief Fund and these funds will be available in the 2015/2016 financial year.
- More than a thousand jobs were created using labour-based road construction techniques.
- A total of 465 jobs were created through the Expanded Public Works Programme (EPWP).
- A pavement management system based on a visual condition assessment of all municipal roads was done. The overall condition of the flexible pavement network is good with an average of 84 per cent. The overall condition of the segmented block paving network is good with an average of 80 per cent. The overall condition of the concrete road network is good with an average of 81 per cent. The overall condition of the gravel road network is poor with an average of 46 per cent. In general the gravel road network in Mossel Bay requires serious attention.
- The implementation of the turn-around strategy as well as the precinct plans for the Central Business District continued and included the modernisation of Matfield Street and the completion of the Cuff Street project. However, the total lack of progress with the harbour development project, which was first mooted by the Transnet National Ports Authority in 2010, remains a major frustration.
- The Thusong Multi-Purpose Centre in Asla Park, which was opened in October 2013, continued to function well. It is achieving its objectives of bringing Government services closer to the people. The new state-of-the art library continued to fulfil a major need in the communities it serves.
- Mossel Bay won the Greenest Municipality Western Cape competition for the second

successive year in 2014 and prize money of R130 000. In addition to being the overall winner it also won the categories for leadership, institutional arrangements and community participation as well as air quality management. Sixteen out of 24 local municipalities in the Western Cape participated in the competition.

- An extensive range of programmes and projects were carried out in the field of socio-economic development in 2014/2015. Broad community development, poverty alleviation, early childhood development, drug abuse and teenage pregnancies, youth development, HIV/AIDS awareness, gender, disability, the elderly, SMME development, local economic development and rural development were addressed.
- The Municipality continued with its strategy to hold festivals to market the town and stimulate the local economy. The third Sports Festival was held in September 2014 and the fourth Dias Festival took place in February 2015. The participation in, and attendance of these festivals were again good and the festivals can be regarded as meeting their objectives.
- In March 2015 Council approved an amended Fraud and Corruption Prevention Policy in terms of which an anti-fraud hotline was implemented in collaboration with the Eden District Municipality.
- Three new By-Laws, namely the Standard Zoning By-Law, the By-Law Regulating Cats, Dogs and other Animals and the By-Law on Municipal Land Planning were drafted and another two, namely the By-Law Relating to Public Nuisances and the By-Law Relating to Pounds, were revised during the year under review. They are due to be finalised in the 2015/2016 financial year.
- Mossel Bay is one of the top five performing Municipalities in terms of their LED Maturity in the Western Cape and the only Municipality in the Southern Cape ranked at top range. It has been ranked in the top three municipalities in the Western Cape for the fourth time in the maturity assessment process.
- Many of the existing cemeteries are reaching their full capacity. A process was started to establish a new cemetery off Louis Fourie Road. All necessary environmental processes were followed and once all approvals have been granted, the physical work in creating burial plots will start.
- A total of 1 418 building plans was approved at an estimated building cost of R681 329 100 during the 2015/2016 financial year.

The 2014/2015 financial year can be expected to have its own challenges.

The Municipality has through hard work and the commitment of its employees been able to maintain constant high levels of service delivery over the past few years. The focus in 2015/2016 will have to be on at least maintaining these levels while at the same time keeping them affordable to our ratepayers who have to contend with continuous price increases of commodities as well as services across the board.

Housing will once again be a challenge against the background of insufficient funding from the National Government, the constant in-migration of jobseekers and homeless people, the misperceptions by the communities with regard to the role of municipalities in the human settlement process, and political interference.

A considerable amount of time will also have to be spent in preparing for the implementation of the Standard Charts of Account (SCOA) in July 2017 and the training of personnel to be ready for this.

Whereas I could report last year that the management team of the Municipality was well settled, the situation has changed as the long-serving Chief Financial Officer, Mr Herman Botha, retired, and the Director of Community Services was dismissed in June 2015 following a disciplinary process. The Municipality was, however, fortunate in finding a capable successor for Mr Herman Botha in the form of Mr Marius Botha, while the vacant position of Director of Community Services is in the process of being filled.

In conclusion, I would like to thank Council, and in particular the Executive Mayor, the Executive Deputy Mayor, the Speaker and the Mayoral Committee members for their guidance and support throughout the year. Thank you also to my management team and the personnel of the Municipality for your support and huge contribution towards the successful 2014/2015 financial year. I know that I can rely on all to make the 2015/2016 financial year another great year in the proud history of the Mossel Bay Municipality.



DR M GRATZ
MUNICIPAL MANAGER

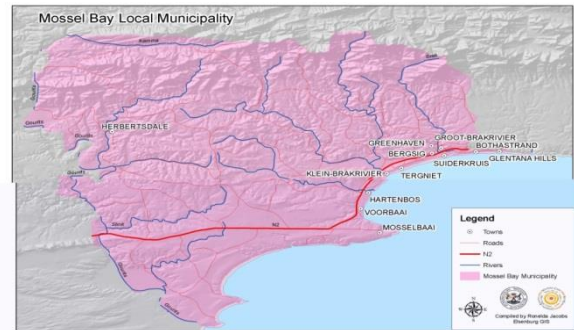
1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

MOSSEL BAY PROFILE

The following provides a broad geographical, economical and statistical profile of Mossel Bay:

Towns and settlements within the municipal boundaries:

Aalwyndal, Boggomsbaai, Brandwag, Buisplaas, D'Almeida, Dana Bay, Glentana, Great Brak River, Friemersheim, Hartenbos, Herbertsdale, Hersham, Joe Slovo Village, KwaNonqaba, Little Brak River, Mossel Bay, Outeniqua Beach, Reebok, Ruiterbos, Southern Cross, Tergniet, Vleesbaai.



- **Municipal Demarcation Code:** WC043.
- **Location of Head Office:** 101 Marsh Street, Mossel Bay.
- **Neighbouring Towns:** George (66km east); Riversdale (77km west); Albertinia (50km west); Oudtshoorn (96 km north).
- **Municipal Area:** 2007 sq km.
- **District Municipality:** Eden (George).
- **Municipal Budget:** 2014/2015 Operating Budget: R763,8 million
2014/2015 Capital Budget: R147,5 million.
- **Population:** 89 430 (2011 Census).
- **Educational Institutions:** South Cape Technical College - Mossel Bay Campus; Five Secondary Schools; 21 Primary Schools; Various private educational institutions.
- **Medical Facilities:** Bayview Private Hospital; Mossel Bay Provincial Hospital; District Municipal Health Services; Vidamed Day Hospital.
- **Police Stations:** Da Gamaskop, Great Brak River, Herbertsdale, KwaNonqaba, Mossel Bay.
- **Law Courts:** Mossel Bay Magistrates Court; Mossel Bay Municipal Court
- **Port:** Mossel Bay
- **Prison:** Mossel Bay Correctional Centre for the Youth.
- **Main Economic Activities:** Agriculture (aloes, cattle, dairy, ostriches, sheep, vegetables and wine), Fishing, Light Industry, Petrochemicals, Tourism.

Mossel Bay has the third largest population in the Eden District with a population size of 89 430 in 2011 compared to 71 495 in 2001. The population grew on average by 2,24 per cent between 2001 and 2011, which is consistent with the district-wide growth of 2 per cent. Mossel Bay's population has increased by 17 935 people over a period of ten years.

Population growth of this proportion is placing strain on the Municipality's infrastructure and resources needed to sustain the town and its people. It also poses huge challenges to eradicate water, sanitation and housing backlogs and impacts on the Municipality's ability to service the community effectively.

Population Details of Mossel Bay									
Age	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0- 4	2 535	2 432	4 968	2 788	2 921	5 709	3 924	3 653	7 577
Age: 5-9	2 761	2 840	5 601	3 020	2 945	5 965	3 437	3 307	6 743
Age: 10-14	3 064	3 123	6 188	3 315	3 279	6 594	3 185	3 179	6 363
Age: 15-19	2 391	2 533	4 924	3 397	3 283	6 680	3 225	3 355	6 580
Age: 20 - 24	2 486	2 418	4 905	2 870	2 664	5 535	3 605	3 727	7 332
Age: 25-29	2 817	2 807	5 626	3 008	2 833	5 841	4 064	4 061	8 125
Age: 30-34	2 599	2 572	5 171	3 110	2 926	6 036	3 427	3 325	6 752
Age: 35-39	2 300	2 284	4 584	2 802	2 923	5 726	3 103	3 226	6 330
Age: 40-44	1 837	1 839	3 676	2 526	2 546	5 071	3 074	3 163	6 237
Age: 45-49	1 380	1 460	2 840	2 019	2 117	4 136	2 582	2 789	5 371
Age: 50-54	1 141	1 183	2 324	1 623	1 787	3 409	2 320	2 506	4 826
Age: 55-59	1 034	1 141	2 176	1 359	1 566	2 924	1 938	2 334	4 272
Age:60-64	911	1 060	1 972	1 309	1 421	2 730	1 796	2 107	3 903
Age: 64-69	753	791	1 544	980	1 062	2 042	1 532	1 819	3 350
Age:70-75	488	559	1 047	705	773	1 478	1 206	1 336	2 542
Age:75-79	271	372	643	402	465	867	747	835	1 582
Age:80-84	153	201	354	165	288	454	360	542	902
Age: 85+	65	167	232	103	194	297	227	416	643
Total	28 988	29 784	58 772	35 501	35 993	71 494	43 751	45 679	89 430
<i>Source: Statistics SA</i>									

COMMENT ON BACKGROUND DATA

Proper planning and continued maintenance has ensured that the Mossel Bay Municipality is positioned well to cope with population growth in the short to medium term in terms of water and electricity supply and sanitation services provided it can keep its infrastructure maintains at present levels. The seawater desalination plant helps to ensure that Mossel Bay enjoys a high level of water security.

Housing, however, remains a major problem as funding allocated by National Government is inadequate to reduce the Municipality's formal housing waiting list of 10 122 families significantly. The problem is exacerbated by high population growth and in particular by the in-migration of unemployed and homeless people from other provinces. The local economy remains strained in line with the state of the national economy.

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The principle of service delivery to the community of Mossel Bay is clearly spelt out in the Vision, Mission and Value Statement of the Mossel Bay Municipality and Council as well as Management strive to adhere to these principles.

The Mossel Bay Municipality has over the past number of years received accolades for the high levels of service delivery it maintains.

In the 2014/2015 financial year it achieved the following levels in respect of basic service delivery above the minimum standards:

Service Area	% Households above
Water	100
Sanitation	99,6
Electricity	85
Waste Management	93,7
Housing	86.2

COMMENT ON ACCESS TO BASIC SERVICES

In-migration into the Mossel Bay municipal district takes place constantly. Informal housing increases and is the main reason for the shortfalls in basic service delivery.

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

Notwithstanding the economic pressure the Mossel Bay Municipality has again performed above expectations. The good performance was made possible by the setting of sound financial priorities as well as with strict control on the set priorities and budget allocations.

While revenue has decreased from R820,9 million to R807,5 million, the Municipality was still able to generate a surplus of R83,7 million, including non-cash transactions. The decrease in revenue was due mainly to a decrease in Transfer Revenue. If the actuarial gains of employee

benefits are left out of the calculations, the revenue has increased by 7,57% over the previous year.

Strict expenditure control and monitoring of debt collection resulted in a positive cash flow generation for the year. The cash generated from operating activities has increased from R148,3 million to R197 million. If the Government transfer and subsidies are excluded from the calculation, the Municipality has generated a positive cash flow of R30 million from operating activities alone. The major contributors include a good debtors collection period of 28 days whilst the revenue billed from service charges is R26,8 million more than the budgeted amounts. A reduction in expenditure includes a saving on employee-related costs (R10,5 million) and bulk purchases (R3,2 million).

The new Standard Chart of Account Regulations (SCOA), which was promulgated in the latter half of 2013, will pose new challenges to all municipalities in the country. The Mossel Bay Municipality has opted to adopt early, resulting in the initial implementation date being moved forward to 1 July 2016.

This will allow the Municipality the opportunity to be part of the pilot sites and to obtain first-hand information on the requirements. However, more than that, it will allow the Municipality the opportunity to influence the final outcome of the Chart of Accounts. Together with all service providers, which will have an impact on the financial entries, the Municipality is busy developing an integrated implementation plan. This will also address all the system change requirements.

Apart from the objectives as set by National Treasury with this project, the Municipality views this as the first step to ensure that a proper cost management system is implemented.

Financial Overview: 2015			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	133 479	185 325	126 450
Taxes, Levies and tariffs	535 541	537 551	564 138
Other	108 648	100 181	116 866
Sub Total	777 667	823 058	807 454
Less: Expenditure	752 249	763 794	723 782
Net Total*	25 418	59 264	83 672

Operating Ratios	
Detail	%
Employee Cost	28.9%
Repairs and Maintenance	5.4%
Finance Charges and Impairment	4.9%

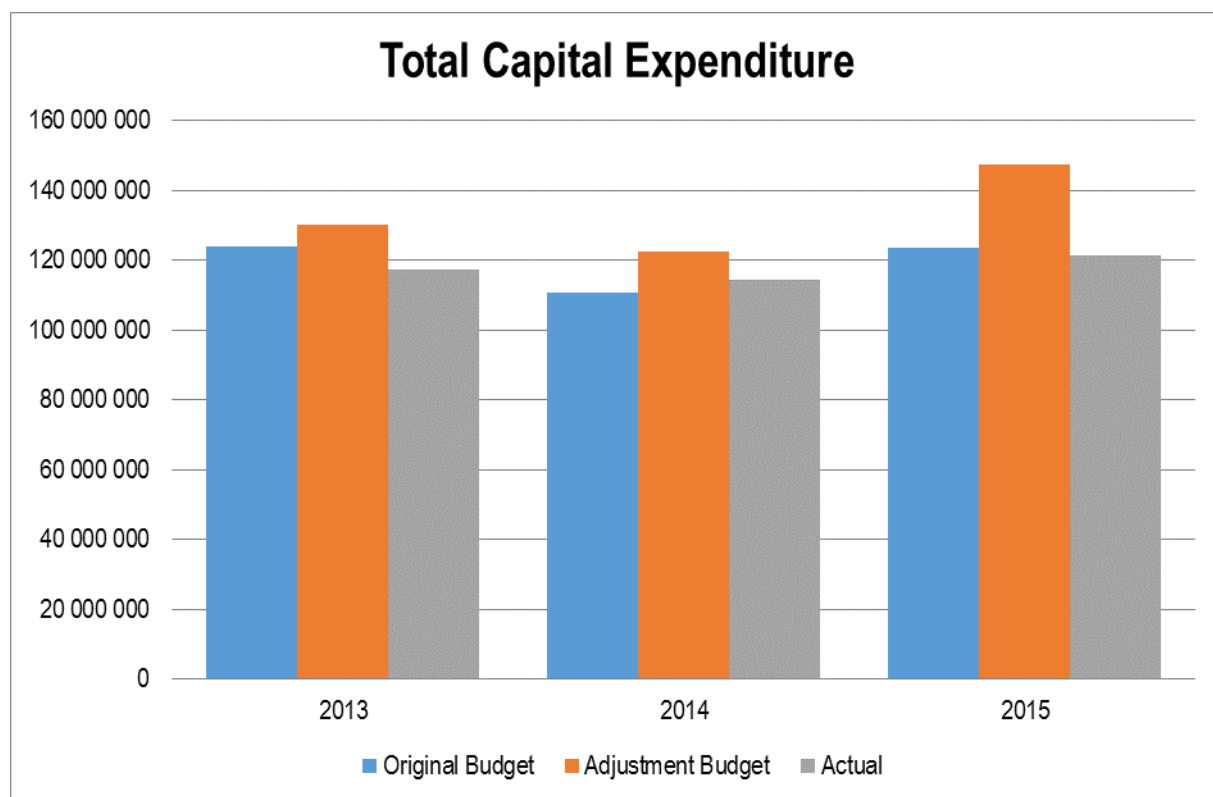
COMMENT ON OPERATING RATIOS

The employee cost for the 2014/15 financial year is at 28,9%, which is on par with the national norm of 30% of the total expenditure for the year.

Repairs and maintenance are only 5,4% of the total expenditure for the year. It must, however, be noted that repair costs are included in employee-related costs which must also be taken into account.

Finance charges and impairment costs as a percentage of the total expenditure are well below the norm of 10%. This is due to the fact that the Municipality has low borrowing costs.

Total Capital Expenditure: 2013 to 2015			
Detail	2013	2014	2015
Original Budget	123 861 770	110 712 487	123 710 800
Adjustment Budget	130 153 047	122 538 218	147 548 352
Actual	117 410 800	114 282 653	121 510 581



COMMENT ON CAPITAL EXPENDITURE

The capital expenditure ratio has deteriorated from the previous financial year with only 82,4% of the budget spent in the 2014/15 financial year. The main contributor is grant funding, namely disaster recovery grant funds and housing grant funds, which were received late in the financial year. It has been requested that these funds be rolled over to the 2015/2016 financial year.

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipality has made tremendous strides in improving organisational performance and has improved its capacity by the development and setting of Key Performance Areas that comply with the SMART principle, stronger and clear linkage between Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP) and Annual Report.

It has also created a culture of organisational performance monitoring and evaluation through the diligent implementation of a Performance Management System.

The review of macro and micro structures and the filling of key posts to implement projects and programmes occurred regularly.

The overall performance of the Municipality is managed and evaluated by a municipal scorecard (Top-Level Service Delivery and Budget Implementation Plan at organisational level and through monitoring and evaluation of the detailed Departmental Service Delivery Budget Implementation Plan (SDBIP) at directorate and departmental levels.

The TASK grading system has made it difficult to recruit artisans in particular and other technical personnel. The Municipality has reacted to this challenge by placing existing personnel on learnership programmes.

1.6 AUDITOR-GENERAL REPORT

The Municipality received a clean audit outcome for the year to 30 June 2015 as follows:

“In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.”

The report of the Auditor-General to the Western Cape Provincial Parliament and the Council of the Mossel Bay Municipality stated that the opinion was not modified in respect of matters of emphasis as well as additional matters to which had been drawn.

The full audit report is included from pages 23 to 26 in Volume 2 of this Report (Annual Financial Statements).

1.7 STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Municipality submits draft Annual Report including consolidated Annual Financial Statements and performance report to Auditor General	August
2.	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance Data	September / October
3.	Municipality receives and starts to address the Auditor General's comments	November
4.	Mayor tables Annual Report and audited Financial Statements to Council, complete with the Auditor General's Report	January
5.	Audited Annual Report is made public and comment is invited	January / February
6.	Oversight Committee assesses Annual Report	February
7.	Council adopts Oversight Report	March
8.	Oversight report is submitted to Western Cape Provincial Government	March/April

The Mossel Bay Municipality has prepared the Annual Report in the new format prescribed by the National Treasury for annual reporting. The format has been adapted, where necessary, in line with the Municipality's organisational structure.

The objective remains to shorten the present cycle and complete it within six months of the end of the financial year to ensure that information that is given in the Annual Report is more topical and useful.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

In terms of Section 40 of the Constitution, Government in South Africa is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. All spheres of government must observe and adhere to the principles of the Constitution and must conduct their activities within the parameters that the Constitution provides. The Mossel Bay Municipality represents the local sphere of government.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Section 151 (3) of the Constitution states that the Council of a Municipality has the right to govern, on its own initiative, the local government affairs of the local community.

At the Mossel Bay Municipality a clear distinction is made between the politically elected structure, namely Council, which is responsible for the oversight and legislative function of the Municipality, and the Administration.

The Council is chaired by the Speaker. The executive is headed by the Executive Mayor with a Mayoral Committee of five (5) members who are full-time Councillors involved in the day-to-day running of Council from the political perspective.

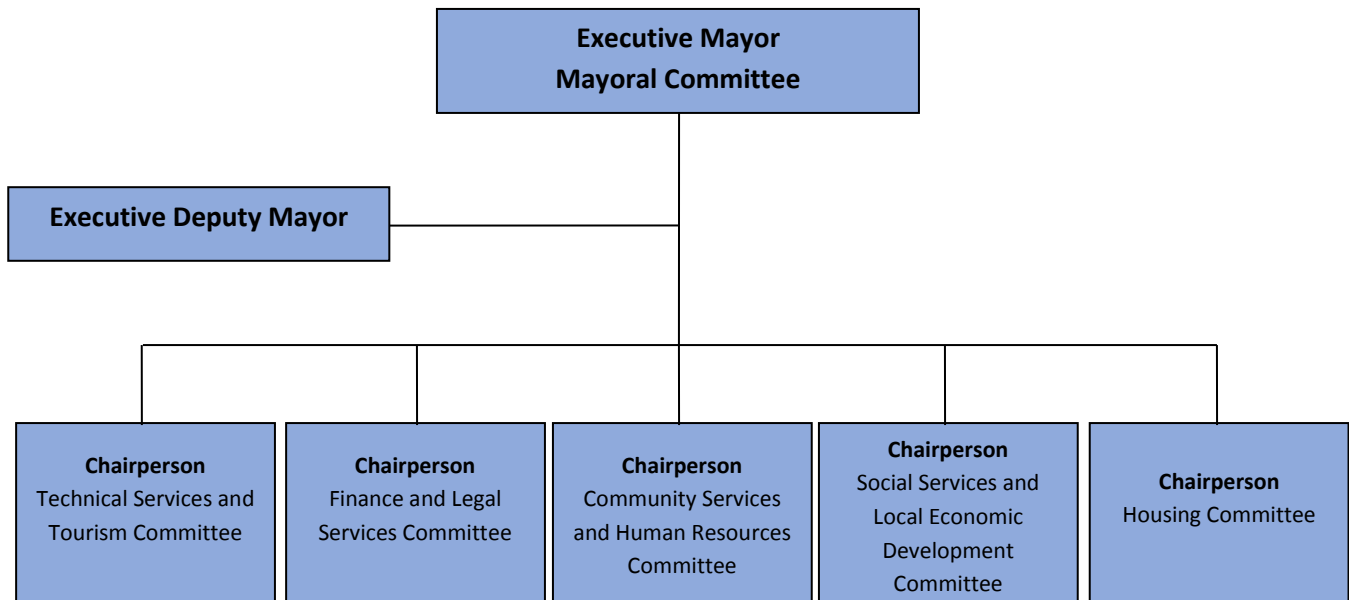
The Administration is headed by the Municipal Manager, who is also the organisation's Accounting Officer. Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making powers are clear and unambiguous.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

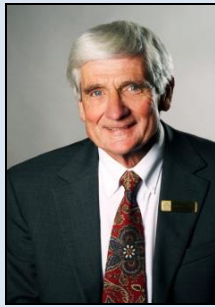
The Town Council of Mossel Bay (WC043) is comprised of 14 Ward Councillors and 13 proportional representatives.

The Council has an Executive Mayoral system, and the Speaker is the Chairperson of the Council. Council conducts its affairs through a portfolio committee system. The following is a graphic illustration of Council's present executive structure:



The political executive structure is as follows:





Alderman E Scheepers
Technical Services and
Tourism



Councillor V Fortuin
Social Services and Local
Economic Development



Councillor C Bayman
Human Settlement



Councillor P Terblanche
Community Services
and Human Resources

COUNCILLORS

At the end of the 2015 financial year the Democratic Alliance (DA) held 16 seats in Council, the African National Congress (ANC) 10 and the African Christian Democratic Party (ACDP) one. A by-election took place in August 2014, and was won by Councillor R Ruiters of the Democratic Alliance.

Appendix A contains a full list of Councillors (including committee allocations and attendance at Council meetings). Please also refer to **Appendix B**, which sets out committees and committee purposes.

POLITICAL DECISION-TAKING

Political decisions are made by the Executive Mayor, in terms of powers delegated to her by law, and Council in session at general monthly Council meetings or special Council meetings that are called when decisions are taken that cannot wait for the monthly meetings.

The following are the statistics for the Executive Mayoral decisions taken during the year compared to the previous two financial years:

2012/13	2013/14	2014/15
60	49	45

The table below reflects the number of Council as well as Council Committee meetings that were held over the past three financial years.

Meetings	2012/2013	2013/2014	2014/2015
Special Council Meetings	4	6	7
Ordinary Council Meetings	9	10	11

Meetings	2012/2013	2013/2014	2014/2015
Standing Committee Meetings	45	50	55

With some exceptions when items are carried directly into Council when they are either urgent or do not fall within the ambit of any one of the Council Committees, Council resolutions are based on the recommendations of the various Council Committees. The following table reflects the number of Committee recommendations submitted to Council over the past three financial years:

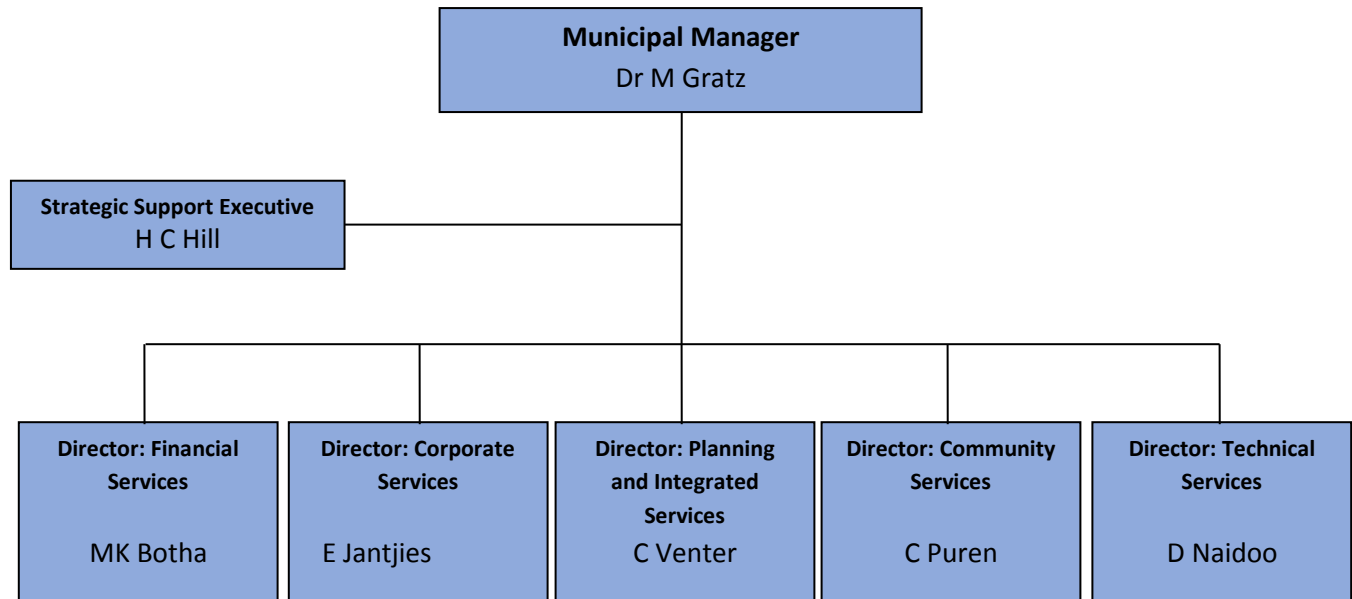
Number of recommendations	2012/13	2013/14	2014/15
Technical and Tourism Services Committee	103	137	122
Financial and Legal Services Committee	72	70	64
Human Settlements Committee	10	35	13
Community Services and Human Resources Committee	59	79	75
Social Services and LED Committee	73	76	74
Total number of recommendations	317	397	348

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 60 (b) of the Municipal Finance Management Act states that the Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures, political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The macro-structure of the Mossel Bay Municipality with the incumbent heads of department at the end of the 2014/2015 financial year was as follows:



FUNCTIONS AND RESPONSIBILITIES

The functions of the five Directorates are as follows:

2.2.1 Directorate Technical Services

The Directorate is responsible for Water and Sewer, Planning and Support Services (MIG projects and support services), Mechanical Services (fleet management and telemetry services), Electrical Network Services (provision of electricity and the maintenance of electrical services) and Electrical Planning and Customer Services.

2.2.2 Directorate Community Services

The Directorate is responsible for the provision of Cleansing, Environmental Health Services not provided by the Eden District Municipality, Community Safety, Fire and Rescue Services, Welfare Development, Sport, Recreation and Facilities and Library Services.

2.2.3 Directorate Corporate Services

The Directorate is responsible for support services which include the Secretariat, Typing Services, Archives, Switchboard and Cleaning, Human Resources, the Integrated Development Plan, Change Management, Employment Equity and Performance

Management System and Socio-Economic Development (Local Economic Development, Youth Development and Ward Committees), Information Technology and Tourism.

2.2.4 Directorate Financial Services

The Directorate is responsible for Financial Administration (Budget, Credit Control, Cash Flow Management, Loans, Investments and Valuations), Income, Expenditure and Supply Chain Management.

The Budget Office, which was established as required in terms of the Municipal Finance Management Act, No 56 of 2003, is housed in this Directorate.

2.2.5 Directorate Planning and Integrated Services

The Directorate is responsible for Planning and Development (Strategic Planning and Development Control) as well as Human Settlement, Building Control (Building Plan Examining, Building Inspectorate, Municipal Buildings and Property, Outdoor Advertising and Property Evaluations.

In addition to doing its own spatial development planning and exercising control over Council property, development, building activities and outdoor advertising, an information service is provided to property owners and developers.

The Municipal Manager and the Directorate Heads meet formally every second Monday to deliberate on service delivery issues and reports that must be submitted to the Mayoral Committee or Council in terms of delegated powers, as well as on organisational management matters.

The management team also meets formally with the Mayoral Committee on a regular basis to ensure that the decision-making process is expedited to enhance service delivery. Each Director also interacts with his or her Mayoral Committee Member on a more regular basis for the same purpose.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Mossel Bay Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and intergovernmental relations with its district and neighbouring municipalities, provincial authority, national government and intergovernmental agencies.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Mossel Bay Municipality actively participates in various Intergovernmental Relations activities in the district and province. The Municipality delegates officials and Councillors to the following forums:

INTERGOVERNMENTAL RELATIONS FORUMS		
Forum	Frequency	Directorate
Municipal Managers Forum	Quarterly	Office of the Municipal Manager
SALGA Working Groups	Quarterly	Relevant Directorate and Portfolio Councillor
Premiers Coordinating Forum (PCF)	Quarterly	Office of the Mayor and Office of the Municipal Manager
Legal Advisors Forum	Quarterly	Office of the Municipal Manager
Provincial IDP Managers Forum	Quarterly	Corporate Services
Provincial Training Committee Meeting	Bi Monthly	Corporate Services
Human Resources Forum	Quarterly	Corporate Services
Disaster Management Forum	Quarterly	Community Services
Environmental Health Forum	Quarterly	Community Services
Local Economic Development Forum	Quarterly	Corporate Services

INTERGOVERNMENTAL RELATIONS FORUMS		
Forum	Frequency	Directorate
Predetermined Objective Forum	Quarterly	Corporate Services
Provincial Thusong Service Centre Managers Forum	Quarterly	Corporate Services
Municipal Governance Review and Outlook Forum (MGRO)	Quarterly	Corporate Services and Financial Services
Provincial IDP INDABA	Bi Annual	Corporate Services
Provincial LGMTEC Engagements	Annual	Corporate Services / Financial Services

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Mossel Bay Municipality does not have any municipal entities.

DISTRICT INTERGOVERNMENTAL STRUCTURES

DISTRICT INTERGOVERNMENTAL STRUCTURES		
Forum	Frequency	Directorate
District Coordinating Forum (DFC)	Quarterly	Office of the Mayor and Office of the Municipal Manager
District IDP Managers Forum	Quarterly	Corporate Services

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Council interacts with its stakeholders by means of ward committees, budget and Integrated Development Planning (IDP) meetings. Public and stakeholder engagements are an ongoing process throughout the year. The Municipality ensures that these meetings are well attended by informing the public and stakeholders on time and in their local languages. This also ensures meaningful and constructive participation

All documents that are required to be made public in terms of the Municipal Systems Act (MSA) are placed on the municipal website. Public meeting schedules are also placed on the website and are also advertised through local newspapers, posters and loud hailing. Public meetings include Council meetings, ward committee meetings and budget and IDP meetings.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Integrated Development Plan (IDP)

In order to ensure that the real needs of the people residing within the municipal area are reflected in the IDP, 39 public IDP engagement sessions were held across all 14 wards in the year under review.

These public engagement sessions present the opportunity and platform to all citizens and those who have vested interest in Mossel Bay to review the service delivery needs and priorities of the ward in which they reside, ultimately shaping the IDP according to their needs and interests.

The 2014/15 public participation and Ward Committee programme which gives effect to the implementation of Council's Marketing Plan is outlined below:

METHOD OF COMMUNICATION	PURPOSE OF ENGAGEMENT	FREQUENCY : 2014/15
Ward Committee Meetings	- Continuously inform constituents about the objectives and performance of Council through Ward Committees. - Discuss standard of municipal service delivery in ward and notify Councillor of specific problems that need attention. - Report on specific portfolio matters for assistance and guidance.	Ongoing
	- Strengthen community involvement and participation in	Quarterly:

	IDP, Budget, and Performance Management (SDBIP) processes. - The following documents (in draft stage) are discussed with Ward Committees to obtain input and comments: IDP and Budget Process Plan, IDP, Budget, Top-Layer SDBIP, Quarterly and Mid-Year Performance Reports	21 – 30 July 2014 29 September – 08 October 2014 02 – 11 February 2015 30 March – 09 April 2015
Ward Councillor Report Back Meetings	Ward Councillors report back to community in ward on quarterly municipal performance and any municipal service-related matter. The platform is also used to engage Ward Councillors and to raise matters of concern, which the administration needs to attend to.	09 – 26 June 2014 13 – 23 October 2014 02 – 12 March 2015
IDP / Budget Public Roadshows	- Review 2014/2015 IDP and obtain public input and service delivery and development priorities for the 2015/16 IDP Review. - Consult public on draft budget for input and comment and communicate approved budget and tariff increases	08 – 22 September 2014 13 – 23 April 2015

The table below indicates the number of people as per signed attendance registers that participated in the IDP review process across all 14 wards of the Municipality over the past three financial years:

2011/2012	2012/2013	2013/2014	2014/2015
1 267	1 034	566	1347

As prescribed by the Council's communication policy, the IDP Public consultation sessions were communicated using multiple methods to enhance attendance. The communication methods used were as follows:

- Advertisements in local newspapers.
- Radio interviews at local radio stations.
- Distribution of fliers to households, churches and schools.
- Posters.
- Loudhailing.

The IDP public engagement sessions were generally well attended although the attendance was lower than expected in some wards.

WARD COMMITTEES

The Mossel Bay Municipality uses the Ward Committee system comprehensively to develop the flow of information between the Municipality, the community and vice versa.

This is to allow public participation in matters of the Municipality such as the IDP, budget and implementation thereof as well as focusing on ward-based needs analyses, project identification and prioritisation and performance monitoring.

All 14 ward committees had the following activities from 1 July 2014 till 30 June 2015:

- Scheduled quarterly Ward Committee meetings.
- Three training / capacity building sessions.
- Three rounds of Councillor report back meetings.
- Ward Committee Summit.

WARD COMMITTEE CAPACITY BUILDING SESSIONS		
Workshop Date	Attendance	Topics covered
13 September 2014	59	<ul style="list-style-type: none">• Presentation on Older Person Abuse.• Understanding the roles and functions of Ward Committees.• How to conduct a meeting.• Understanding the oversight role of Ward Committees in municipal planning, budgeting, performance management and legal reporting.
22 November 2014	59	<ul style="list-style-type: none">• Functions/services offered by the Mossel Bay. Municipality, Local Economic Development Office• Mossel Bay: Overview of Tourism Marketing and Tourism Development Strategy.• South Cape College: Overview of 2015 programmes and student recruitment campaign.• Regional Land Claims Commission: Overview of land claims process.• Understanding policy on the placing of containers.
28 February 2015	62	<ul style="list-style-type: none">• Functions/services offered by the Mossel Bay Municipality, Local Economic Development Office.• Mossel Bay: Overview of Tourism Marketing and Tourism Development Strategy.• South Cape College: Overview of 2015 programmes and student recruitment campaign .Commission• Regional Lands Claims: overview of land claims process• Understanding policy regulating the placing of containers.

Ward Committee Summit 2015

The Ward Committee Summit took place on 16 May 2015. The objectives and outcomes of the Summit were:

- To workshop the draft process plan for the establishment of Ward Committees.

- To discuss and workshop the undermentioned policy documents to obtain input for the possible of review thereof.
 - Ward Committee Policy.
 - Ward Committee Code of Conduct.
 - Council Marketing Plan and Communication Policy.
- To identify specific sectors, portfolios and interest groups unique to the ward that will make up the composition of the Ward Committees. The Provincial Framework suggests that the existing elements or environment within the ward should be the determining factor on which sectors or interest groups must serve in the Ward Committees.
- To brainstorm and deliberate on how to ensure the effective functioning of Ward Committees within the environment of the sector which they represent and to capacitate Ward Committees to mobilise community members within a specific sector to form an interest group. These interest groups will be recognised by the Municipality and will work closely with municipal officials and sector departments that have the mandate to do development in a specific sector (such as Ward-based Youth Interest Groups who will work closely with the Municipal Youth Coordinator).
- Capacitate Ward Committees on the Municipality's financial planning (Medium-Term Revenue and Expenditure Framework).
- Capacitate Ward Committees and share information on the Back-to-Basics Concept.
- Launching of the Know-your-Ward Committee booklets.

The Ward Committee Summit was attended by the following:

- Department of Local Government, Public Participation Directorate.
- South African Local Government Association.
- Mossel Bay Municipality
- Ward Councillors and Ward Committee members.

The table below illustrates the attendance of Ward Committee members per ward:

Ward	1	2	3	4	5	6	7	8	9	10	11	12	13	14
#	9	7	10	4	6	3	8	9	9	3	8	6	9	7

PUBLIC MEETINGS						
Nature and purpose of meeting	Date of events	Councillors	Municipal Staff	Attendance	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward Committee Meetings (14 Wards) for 2014/2015 IDP	21 – 30 July 2014	13	10	101	Yes	Feedback given at next Ward Committee meeting – September till October 2014
IDP Public Engagement - Community Needs Analysis for 2014/15 IDP Review and Budget	08 – 22 September 2014	14	12	815	Yes	Feedback given at next Ward Committee meeting – September till October 2014 and quarterly Councillor report back meetings in October 2014
Ward Committee Meetings (14 Wards) Prioritisation of Community Needs / Project Identification for 2015/16 Budget Cycle	29 September – 08 October 2014	11	10	92	Yes	Feedback given at Ward Committee meetings in February 2015. Ward Priorities have been included in the 2015/16 Reviewed IDP
Ward Councillor Quarterly Report back Meetings	13 – 23 October 2014	8	5	247	Yes	Feedback given at next report back meeting – March 2015
Ward Committee Meetings (14 Wards) Discuss Municipal Annual Report 2014	02 – 11 February 2015	13	8	110	Yes	Feedback given at next Ward Committee Meeting – April 2015
Ward Councillor Quarterly Feedback Meetings	02 – 12 March 2015	9	5	326	Yes	Feedback given at next report-back meeting
Ward Committee Meetings (14 Wards). Consultation on Draft 2015/16 IDP	30 March – 09 April 2015	14	9	93	Yes	Feedback given at next Ward Committee Meeting – July 2015

PUBLIC MEETINGS						
Nature and purpose of meeting	Date of events	Councillors	Municipal Staff	Attendance	Issue addressed (Yes/No)	Dates and manner of feedback given to community
3 rd Review and Municipal Budget						
IDP Public Engagement - Community Needs Analysis for 2015/16 Draft IDP Review and Budget	13 – 23 April 2015	14	10	523	Yes	Feedback given at next Ward Committee meeting – July 2015 and quarterly Councillor report- back meetings.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The public is updated through public meetings of municipal processes such as the IDP and the budgeting processes. In this way they are also enabled to participate in them. The public meetings provide an effective platform to communicate service delivery issues and changes that directly affect the public, such as the tariff increases. Through these meetings, the Municipality is then placed in a position to identify gaps and issues which frustrate the public so that it can improve on them. The meetings also serve to identify the areas in which it does well.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPI's, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPI's in the strategic plan?	Yes
Do the IDP KPI's align to the Section 57 Managers	Yes
Do the IDP KPI's lead to functional area KPI's as per the SDBIP?	Yes
Do the IDP KPI's align with the provincial KPI's on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

RISK MANAGEMENT

The concept of risk management is not new as the basic principles of service delivery (Batho Pele, 1997) clearly articulate the need for prudent risk management to underpin the achievement of municipal objectives.

Municipalities are bound by constitutional mandates to provide products or services in the interest of the public good. As no institution has the luxury of functioning in a risk-free environment, the Municipality also encounters risks inherent in producing and delivering such goods and services.

The Municipality has an established and fully functional Fraud and Risk Management Committee which meets on a quarterly basis. The Committee reports to the Audit Committee who has an oversight function over the Fraud and Risk Management Committee.

A fraud and risk management implementation plan is adopted annually which is a working document stipulating the actions that need to be taken by the Fraud and Risk Management Committee in terms of predetermined due dates.

The Municipality undertakes an annual risk assessment where the risks with a residual rating above twenty (20), where the ability control the risk is either medium or high, are identified and action plans are developed to mitigate the risks. The Municipality identified sixteen (16) risks for 2015. The Directors of the Municipality are also the respective Directorates' Risk Champions and must report to the Fraud and Risk Management Committee on a quarterly basis with regard to progress made on the identified risks.

In order to ensure continuous progress on the risks identified, an electronic tool is used on which the risk champions update their actions to address and mitigate the identified risks.

During July 2013 the Municipal Council approved the Municipality's Risk Management Policy, Risk Management Strategy and Risk Management Committee Charter which was reviewed

during June 2015 where no amendments were proposed. The Policies are available on the Municipality's website and upon request.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Council of Mossel Bay Municipality approved an amended Fraud and Corruption Prevention Policy in March 2015 in terms of which an Anti-Fraud hotline has been implemented in collaboration with the Eden District Municipality, which followed an official procurement process for this purpose. The Hotline is fully operational and should any instances of fraud or corruption be reported through the hotline an investigation process must be followed in terms of the Policy.

Due to the nature of matters reported through the Hotline, it is imperative for the efficient functioning thereof that utmost confidentiality should prevail when matters are reported. The internal process dealing with reported cases of fraud and corruption was approved by the Fraud and Risk Management Committee and Council. The process determines inter alia to whom matters should be reported and the reporting lines to investigate complaints. Internal Audit forms part of the process in order to provide further guidance and objectivity.

Any investigated matters are reported to the Fraud and Risk Management Committee Meetings and to the Audit Committee.

2.8 SUPPLY CHAIN MANAGEMENT

1. Introduction

All high capacity municipalities were required to implement the Supply Chain Management Regulations to the Municipal Finance Management Act, No 56 of 2003, on 1 October 2005 and to have a new Supply Chain Management (SCM) Policy in terms of the Regulations in place by the same date.

The Municipality met the requirements with regard to the adoption of a policy and also implemented the prescribed procurement procedures to ensure that all legal requirements were met.

2. SCM Policy

The Policy, which is based on the model policy prescribed by the National Treasury, was reviewed in the 2013/2014 financial year for the 2014/2015 period. The revised Policy, that was tabled with the 2014/2015 budget, incorporated recommendations by the Municipality's internal auditors, the Auditor-General and directives from Provincial and National.

Council approved the revision of the Supply Chain Management Policy on 29 May 2014 (resolution number E60-05/2014) and it came into effect on 1 July 2014 for the 2014-2015 financial year.

The policy was revised again during 2014-2015 as prescribed and Council approved the revision of the Supply Chain Management Policy on 28 May 2015 (resolution number E71-05/2015). It became effective on 1 July 2015 for the 2015-2016 financial year.

3. Bid Committees

The members of the bid committees are all delegated and appointed in terms of legislation and the bid committees function well. A senior manager is appointed as the chairperson of the Bid Evaluation Committee.

All members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing and record thereof is available.

The Bid Adjudication Committee is the only standing bid committee. The following persons served permanently on the committee:

Mr H Botha (Chairperson)	Chief Financial Officer up to 30 November 2014.
Mr MK Botha (Chairperson)	Chief Financial Officer with effect from 1 December 2014.
Mr C Puren (Deputy Chairperson)	Director: Community Services up to 18 June 2015.
Mr D Naidoo	Director: Technical Services.
Mr E Jantjies	Director: Corporate Services.
Mr C Venter	Director: Planning and Integrated Services.
Ms M Jacobs	Head: Expenditure.
Ms E Nel	Head: Supply Chain Management.

Mr MK Botha was appointed as Chief Financial Officer from 1 December 2014 and was appointed as member and chairperson of the Bid Adjudication Committee. Mr MK Botha replaced Mr HF Botha, who retired at the end of November 2014.

Various other officials served from time to time as members of the Bid Adjudication Committee while they were acting in positions of officials that serve on the Bid Adjudication Committee. These officials were duly delegated to be members.

4. SCM Unit

On 30 June 2015 all positions that were budgeted for on the organogram were filled in the Unit. Two posts that became vacant during the financial year, namely Administrative Officer: Quotations Under R30 000 and Administrative Officer: Logistics were respectively filled in November 2014 and March 2015.

Personel from Supply Chain Management and the Stores attended various courses and workshops during the past year. Three administrative officers are also attending the Minimum Competency Level Training as prescribed by the Municipal Regulations on Minimum Competency Levels, GN R493 of 2007. All three will complete the requirement this calendar year.

6. Accredited Supplier Database

The Accredited Supplier Database, that is maintained in terms of Section 14 of the SCM Policy, grew as indicated in the table below:

2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
722	1 090	1 559	1 994	2 295	2 559	2 810	3 036	3 277

During the second quarter of the year discussions were started in the Eden District Municipality area to move over to the Centralised Western Cape Supplier Database (WCSD). The discussions moved into action during the third quarter with a Steering Committee being appointed during a meeting on 28 January 2015. Vast progress was made to migrate fully to the WCSD by 1 July 2015.

This move will not only benefit the Municipality, but will also make it easier for the supplier/contractor/service provider as they would only need to register on one database. This ground breaking initiative from the Municipalities in the Eden District is a first in the Province and in the country.

All current as well as prospective suppliers/contractors/service providers were informed in writing regarding these changes. It was also advertised in the newspaper and on the municipal website, notice boards and Facebook page. The Eden District Municipality also ran advertisements on local radio stations.

An initial letter explaining the process and implications was firstly sent to all active suppliers and then to the rest registered on the current Accredited Municipal Supplier Database. This letter was followed up with written communication to all suppliers not yet registered on the WCSD. As stated in these letters and advertisements, if a supplier, contractor or service provider is not registered on the WCSD by 1 July 2015, Mossel Bay Municipality cannot and would not be conducting business any further with that specific supplier/contractor/service provider.

As Provincial Treasury is responsible for the administration of the WCSD, reporting in this regard in future will be amended.

7. Tender Awards

A total of 103 tenders, compared to 109 the previous year, were awarded during the 2014/2015 financial year.

2.9 BY-LAWS

By-laws Introduced during 2015					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
By-Law Regulating Cats, Dogs and other Animals	New	In process	21 July 2015 to 21 August 2015	Not yet	N/A
By-Law relating to Public Nuisances	Revised	In process	21 July 2015 to 21 August 2015	Not yet	N/A
By-Law relating to Pounds	Revised	In process	21 July 2015 to 21 August 2015	Not yet	N/A
Standard Zoning Scheme By-Law	New	Yes		Not yet	N/A
By-Law on Municipal Land Use Planning	New	Yes		Not yet	N/A
<i>*Note: See MSA section 13.</i>					<i>T 2.9.1</i>

COMMENT ON BY-LAWS:

Public participation meetings are held on every new or revised by-law to provide interested parties with the opportunity to comment on the by-law before it is finalised. The meetings are held within the municipal district so that as many people as possible can attend. Notice

of the meetings are placed in the local newspaper, at the municipal office, on the Municipality's website and broadcasted via radio.

Once the public participation process is finalised the draft by-law is tabled at a Council Meeting where Council approves the by-law. The approved by-law is then gazetted in the Provincial Gazette and a notice is placed in the local newspaper informing the public of the approved by-law and the date of commencement.

Every by-law is enforced by the relevant Directorate responsible for its implementation and if need be, non-compliance is dealt with in the municipal court.

2.10 WEBSITES

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's / Entity's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (2014)	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2013) and resulting scorecards	Yes
All supply chain management contracts above a prescribed value (give value) for 2014	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2015	Yes
All quarterly reports tabled in the council in terms of section 52 (d) during 2015	Yes

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipality's website address is <http://www.mosselbay.gov.za>. All information required by law as well as general information on the Municipality is placed on the website.

Each department within the Municipality has a trained administrator with access to the website to upload documents and information relevant to the particular department.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

Introduction

The Mossel Bay Municipality renders a range of traditional municipal services in an area covering 2007 square kilometres in accordance with the mandate of local government in terms of the South African Constitution.

The area includes rural and residential areas such as Aalwyndal, Asla Park, Boggomsbaai, Brandwag, Buisplaas, D'Almeida, Dana Bay, Friemersheim, Great Brak River, Joe Slovo Village, KwaNonqaba, Little Brak River, Fraaiuitsig, Glentana, Hartenbos, Herbertsdale, Hersham, Mossel Bay, Outeniqua Beach, Reebok, Tergniet, Ruiterbos, Southern Cross, Sonskynvallei and Vleesbaai.

The current main services rendered by the Municipality are:

Electricity

In 2014/2015 electricity was supplied to 30 673 formal households, compared to 29 290 formal households the previous year. A total of 526 new connections were made in 2014/2015 compared to 492 new connections in 2013/2014.

The Municipality does not generate its own electricity and the national electricity supplier, Eskom, supplies the electricity to the Municipality for resale to consumers in the municipal area.

A total of 293 410 192 units (MWh) of electricity was purchased from Eskom in 2014/2015, compared to 284 653 360 units in 2013/2014.

Free basic supply increased to 8 662 689 units (MWh) at a cost of R9 237 503,95 in 2014/2015 compared to 8 362 243 units (MWh) at a cost of R8 355 518,58 in 2013/2014.

Households that gained access to electricity amounted to 526 in 2014/2015 compared to 492 in 2013/2014.

Water

The Municipality owns and maintains a water distribution network consisting of pipelines, storage dams and boreholes. The water reticulation system is approximately 601 km in length.

The storage dams are the Ernst Robertson Dam, the Klipheuwel Dam, the Wolwedans Dam and the Hartebeeskuil Dam. Waste water is also purified for consumption by way of a reverse osmosis process at the Municipality's water purification plant.

A 15 Ml/day seawater desalination plant was commissioned in 2012 as a drought relief project when the district was officially declared a disaster area. As the Municipality's storage dams have consistently maintained high water levels as a result of good rains over the past three years, the plant is at operated in zero mode at present.

Sewerage

The Municipality owns and maintains a sewage disposal network as well as processing plants. The number of households in Mossel Bay serviced by a water-borne, flush sanitation system amounted to 26 623 in 2014/2015. A total of 5 285 households make use of septic tanks while 2 285 households (one unit for every five households) have been provided with flush toilets in terms of the Access to Basic Services programme. The number of 137 buckets remain unchanged in the 2014/2015 financial year.

Waste Management Services

The Mossel Bay Municipality provides cleansing services, mainly in the form of refuse removal, as well as environmental health services in addition to those provided by the Eden District Municipality. A refuse removal service is provided to all residential areas and there are no backlogs.

Waste tonnage increased from 25 834 tonnes in 2013/2014 to 26 813 in 2014/2015. Recyclable waste tonnage decreased from 2 262 in 2013/2014 to 2111 for the same period. This was due to the appointment of a new recycling contractor during the financial year.

Fire, Rescue and Safety Services

The Municipality owns and operates a fire and rescue service which provides firefighting, fire prevention and road and other rescue services. Its community safety service provides a range of law enforcement and community protection services.

Roads

The Municipality is responsible for the planning, construction and maintenance of urban road networks. The Municipality has a network of 437,3 km of paved and concrete roads and 32,5 km of gravel and dirt roads under its control. A distance of 2,8 kilometres of gravel roads was tarred in 2014/2015.

The national and main regional roads fall under the relevant authorities, and the Eden District Municipality is responsible for rural public roads within the Municipal area.

Human Settlements

The Municipality seeks to address the housing needs of low-income groups and middle-income groups who do not have access to the commercial bond market. In this regard it acts as an agent for the Department of Human Settlements.

This involves the identification of potential beneficiaries, identification and securing of suitable land for housing development, the sourcing of funding, project management, handing over of houses, transfer of house and home owners training en education.

At the end of June 2015 there was a list of 10122 families waiting for houses, Council adopted a comprehensive Housing Plan and Pipeline in March 2015 which aim at attending to the total backlog over a 10 year period.

Libraries

There are nine libraries and four mobile libraries in the Mossel Bay municipal area. They are managed on an agency basis for the Provincial Government of the Western Cape and play a major role in the education of the community. The membership of libraries increased to 27 111 at the end of June 2015 from 25 598 at 30 June 2014. A total of 514 617 books, periodicals, CD's and DVD's circulated in the financial year 2014/15 compared to 505 132 in the 2013/14 financial year.

Urban Development and Control

In addition to doing its own spatial development planning and exercising control over development and building activities, an information service is provided to property owners and developers.

A total of 1 418 building plans were approved in the financial year to the end of June 2015. In the previous financial year 1 464 plans were approved.

Vehicle and Driver Licensing Services

The Municipality provides vehicle registration services and also issues drivers licences in its area of jurisdiction. Some of these services are rendered on an agency basis.

Income from motor vehicle registrations amounted to R4 460 117 in 2014/2015, compared to R3 925 599 in 2013/2014. Income from driver's licences issued in 2014/2015 amounted to R1 175 054, compared to R2 143 171 in the year to 30 June 2014 indicating a decline in income generated to the amount of R22 025 for the financial year 2014/2015.

Municipal Court

The Municipality established a Municipal Court in conjunction with the Department of Justice to hear cases related to the transgression of municipal by-laws, regulations and traffic ordinances.

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

The responsibilities of the Mossel Bay Municipality for delivering basic services up to 30 June 2015 vested in three of the Municipality's Directorates, namely the Technical Services Directorate (water, waste water management, sanitation and electricity), the Community Services Directorate (waste management) and the Planning and Development Directorate (human settlement).

Consumers are charged for services at rates which are reviewed annually and are approved together with the annual budget of the Mossel Bay Municipality for every new financial year. All consumers receive 20 kWh of electricity and 6 kl of water free per month, except households which are classified as indigent based on total monthly household income which receive a higher allocation of free electricity, namely 50 kWh per month.

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

The water services infrastructure consists of various raw water sources including the Wolwedans Dam, the Klipheuwel Dam and the Ernest Robertson Dam as well as boreholes. Raw water pipelines convey the untreated water to a total of seven water purification plants situated throughout the municipal area. From the various water purification plants, as well as a desalination plant, the treated water is pumped via thirty pumping stations into 55 reservoirs.

The total design capacity of the seven water purification plants, as well as the desalination plant, is 72,3 Mℓ per day. The average daily volume of water purified, during the 2014/2015 financial year, was 20,8 Mℓ per day. The water usage increased to 24,9 Mℓ per day during December 2014. This means that there is between 47,4 Mℓ and 51,5 Mℓ per day spare capacity available.

During the 2014/2015 financial year a total of eight bulk water meters were retrofitted. The mechanical water meters were fitted with a logger which transmits meter readings to the telemetry system. The readings can be downloaded on a daily basis. Two-hundred residential water meters were fitted with automatic reading devices. These automatic meter reading devices will enable the meter readers to remotely obtain readings from the water meters without entering the private properties.

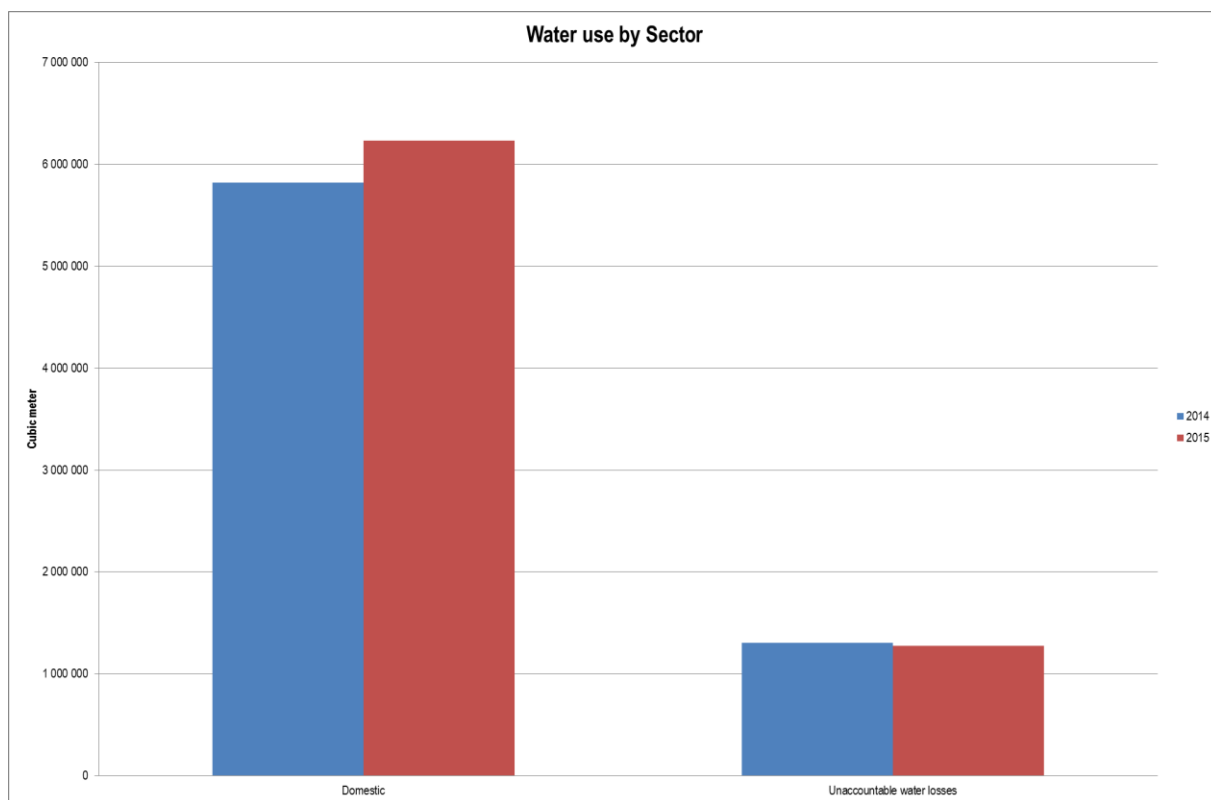
The following provides details of activities with regard to the water networks:

New water connections	249
Burst water pipelines repaired	434
Water meter related tasks (repairs)	583

Water meters older than 10 years are replaced throughout the municipal area, on a continuous basis, as part of the water meter replacement program. A total of 590 water meters were replaced during the 2014/2015 financial year.

Old valves are replaced throughout the municipal area, on a continuous basis, to ensure that areas can be properly isolated when burst water pipes occur.

Total Use of Water by Sector (cubic meters)		
	Domestic	Unaccountable water losses
2014	5 821 714	1 305 723
2015	6 235 033	1 276 687



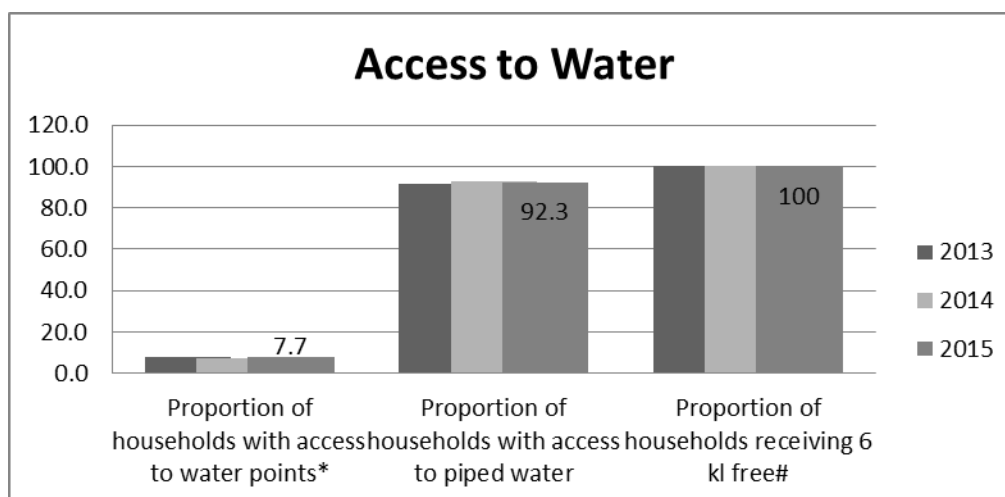
COMMENT ON WATER USE BY SECTOR

The Municipality's tariff structure does not have specific tariffs for agriculture, forestry and industrial consumers. The total water system input for the 2014/2015 financial year was 7 601,720 Mℓ while the total billed water consumption was 6 235,033 Mℓ. Non-revenue water for the year amounts 1 276,687 Mℓ or 16,8% of the total system input.

Water Service Delivery Levels				
Description	Households			
	2012	2013	2014	2015
	Actual No.	Actual No.	Actual No.	Actual No.
Water (above minimum level):				

Water Service Delivery Levels				
Description	2012	2013	2014	Households 2015
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Piped water inside dwelling	32 625	32 873	31 085	31 888
Piped water inside yard (but not in dwelling)	0	0	0	
Using public tap (within 200m from dwelling)	2 400	2 907	137	137
Other water supply (within 200m)	0	0	2 285	2 285
<i>Minimum Service Level and Above Sub-Total</i>	35 025	35 780	33 507	34 310
<i>Minimum Service Level and Above Percentage</i>	100%	100%	100%	100%
Water (below minimum level)				
Using public tap (more than 200 m from dwelling)	0	0	0	0
Other water supply (more than 200 m from dwelling)	0	0	0	0
No water supply	0	0	0	0
<i>Below Minimum Service Level Sub-Total</i>	0	0	0	0
<i>Below Minimum Service Level Percentage</i>	0%	0%	0%	0%
Total number of households*	35 025	35 780	33 507	34 310
<i>*Including informal settlements</i>				

Households - Water Service Delivery Levels Below the Minimum				
Description	2012	2013	2014	Households 2015
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Formal Settlements				
Total households	32 625	32 873	31 085	31 888
Households below minimum service level	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%
Informal Settlements				
Total households	2 400	2 907	2 422	2 422
Households (temporary structures) below minimum service level	0	0	0	0
Proportion of households (temporary structures) below minimum service level	0%	0%	0%	0%



Employees: Water Services				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
T4	50	50	0	0%
T5	3	3	0	0%
T6	1	1	0	0%
T7	4	4	0	0%
T8	4	4	0	0%
T10	17	17	0	0%
T11	1	1	0	0%
T13	2	2	0	0%
T14	1	1	0	0%
T15	1	1	0	0%
Total	84	84	0	0%

Financial Performance 2015: Water Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	107 761	134 601	131 688	115 428	-17%
Expenditure:					
Employees	17 207	18 627	18 459	18 364	-1%
Repairs and Maintenance	3 922	4 734	3 932	3 658	-29%
Other	59 070	68 548	60 760	58 550	-17%
Total Operational Expenditure	80 199	91 909	83 151	80 572	-14%
Net Operational Expenditure	-27 562	-42 693	-48 537	-34 856	-22%

Capital Expenditure 2015: Water Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	17 693 162	20 104 347	19 806 948	11%
Sandhoogte Water Treatment Plant: New Dosing Pumps and Mixers	65 000	65 000	63 676	-2%
Furniture, Tools and Equipment	10 000	20 000	19 587	49%
Replacement of Vehicles: CBS 25951	230 000	205 900	205 580	-12%
New filters at Ruiterbos Water Works	60 000	60 000	50 346	-19%
New Multi-Purpose Trailer	40 000	28 900	28 900	-38%
Replacement of Vehicle: CBS 25955	0	270 000	230 428	100%
New Inline Turbidity Meters at Little Brak River Water Works Sandfilters	500 000	416 397	416 397	-20%
Upgrade Entrance Road to Great Brak River Water Works	200 000	140 000	140 969	-42%
New Filters at Herbertsdale Water Works	60 000	60 000	52 534	-14%
New Connections	1 100 000	400 000	293 659	-275%
Furniture, Tools and Equipment	45 000	46 000	45 057	0%
Pumps and Switchgear	250 000	224 100	224 053	-12%
Telemetry: Expansion New System	100 000	45 000	42 025	-138%
New Multi-Purpose Trailer	45 000	28 900	28 900	-56%
Replace Water Network Lines-All Areas	1 500 000	1 524 000	1 523 274	2%
New Water Pumps: Replace with New Model Pumps	350 000	300 000	329 798	-6%
Increase Pump Station Capacity: Langeberg	2 200 000	2 885 442	2 957 446	26%
New 2-Way Radios (Water Distribution Services)	30 000	45 000	32 602	8%
Installation of Intelligent Bulk Water meter Reading Devices	200 000	200 000	192 602	-4%
Friemersheim: New Bulk Water Pipeline	450 000	500 000	471 414	5%
Replacement of Fencing at Reservoirs	500 000	500 000	431 780	-16%
New Bulk Water Pipeline: Nautilus to Boggomsbaai	3 000 000	3 000 000	2 898 208	-4%
Upgrade of Water Supply Pipeline from Little Brak River Water Treatment Plant to Langeberg Reservoirs	6 558 162	6 509 566	6 508 587	-1%
Acquisition of Vleesbaai Water Pipeline by Municipality	0	335 231	335 231	100%
Kloofsig Water Pipeline	0	2 001 911	2 001 911	100%
Purchase of Canopies: CBS 25954	0	21 500	21 157	100%
Purchase of Canopies: CBS 33238	0	21 500	21 457	100%

Capital Expenditure 2015: Water Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Building of Structure Around the Generator	0	50 000	32 175	100%
New Reservoir	200 000	200 000	207 194	3%

COMMENT ON WATER SERVICES PERFORMANCE OVERALL

Below is a summary of the four largest capital projects within the Water Services Sub-Directorate:

1. Replace Water Network Pipelines (All areas): The following lengths of water pipelines were replaced with new PVC pipes throughout the municipal area. 200 mm diameter = 162 metres, 160 mm diameter = 354 metres, 110 mm diameter = 1 075 metres, 75 mm diameter= 431 metres.

The available budget for this project was R1 524 000, excluding VAT. The total expenditure of the project was R 1 394 462,48, excluding VAT.

2. Increase Langeberg Pump Station Capacity: Previously the Langeberg pump station consisted of two KSB WKL 100/6 pumps. The one KSB WKL 100/6 pump was removed and is kept as a spare. The pipework at the Langeberg pump station was altered to accommodate two new KSB WKL 150/3 pumps as well as a new motor control centre. The reason for the upgrade of the Langeberg pump station is to keep up with the growing demand for water by the Mossel Bay community.

The available budget for this project was R2 885 442, excluding VAT. The total expenditure on the project was R2 857 568, excluding VAT.

3. Upgrade of Water Supply Pipeline from Little Brak Water Treatment Plant to Langeberg Reservoir (Phase I): This project involves the systematic replacement of the existing 400 mm pipeline between the Little Brak River water purification plant and the Langeberg reservoir which has been in service for over 30 years and is in a poor condition. Phase I of this project consisted of the installation of a 800 mm diameter Glass Fibre Reinforced Pipe (GRP) pipeline with a length of 847,8 metres. The 800 mm pipeline was connected, together with

associated steel pipes, valves and fittings, to the existing valve chamber at the Langeberg reservoir. One scour valve and one air valve was installed on this phase of the 800 mm pipeline. The reason for this waterline is to keep up with the growing demand for water by the Mossel Bay community as well as making it possible to do maintenance to the existing bulk water pipelines without interruptions in the water supply to Mossel Bay. The new pipeline will be able to deliver around 735 litres per second to accommodate the additional demand in the Mossel Bay area.

The expenditure on this project during the 2014/2015 financial year amounted to R6 509 566, excluding VAT.

4. New Bulk Water Pipeline: Nautilus to Boggomsbaai (Phase II) – This project was executed two financial years and a total of 11 735 metres of 160 mm diameter UPVC (Class 09 and 12) water gravity pipeline was installed from the Nautilus off-take to the Boggomsbaai reservoir. The purpose of this project was to provide a dedicated bulk water supply to the Boggomsbaai and Vleesbaai areas.

Phase II was completed during the current financial year at a total cost of R2 898 208,44 excluding VAT.

3.2 WASTE WATER (SANITATION) PROVISION

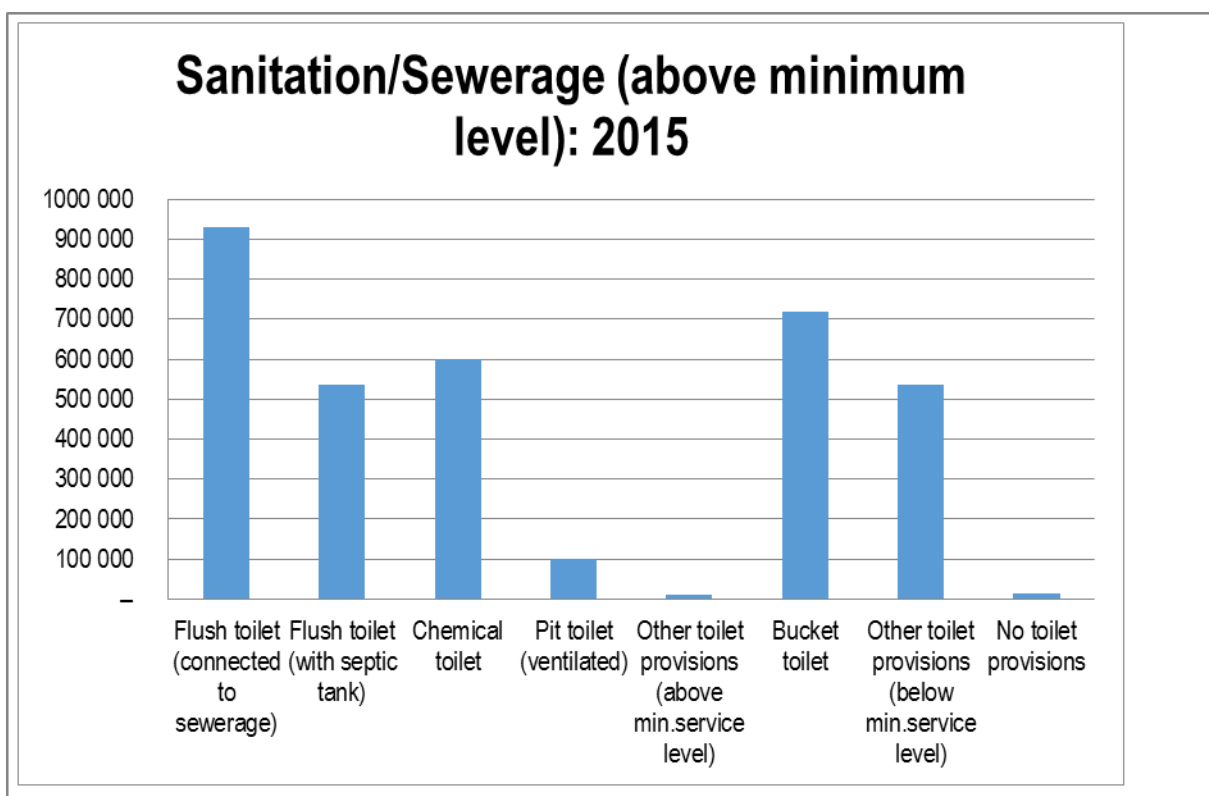
INTRODUCTION TO SANITATION PROVISION

From the consumers sewerage is conveyed through approximately 510 km gravity sewer pipelines to 73 sewer pump stations situated throughout the municipal area. From the pump stations the sewerage is pumped through approximately 40 km of rising main pipelines to a total of seven wastewater treatment plants situated throughout the municipal area. The total design capacity for the seven wastewater treatment plants is 22,54 Mℓ per day. The current combined average daily inflow for the seven wastewater treatment plants is 10,72 Mℓ per day.

A high level of blockages occurred in especially the Asla Park and KwaNonqaba area because of items such as disposable nappies finding their way into the system. Vandalism in the form of rocks, stones and other foreign material that are thrown into manholes also cause problems periodically. The illegal discharge of foreign objects or material into the municipal

sewer networks causes unnecessary blockages and adversely impacts on the operation of the Waste Water Treatment Works.

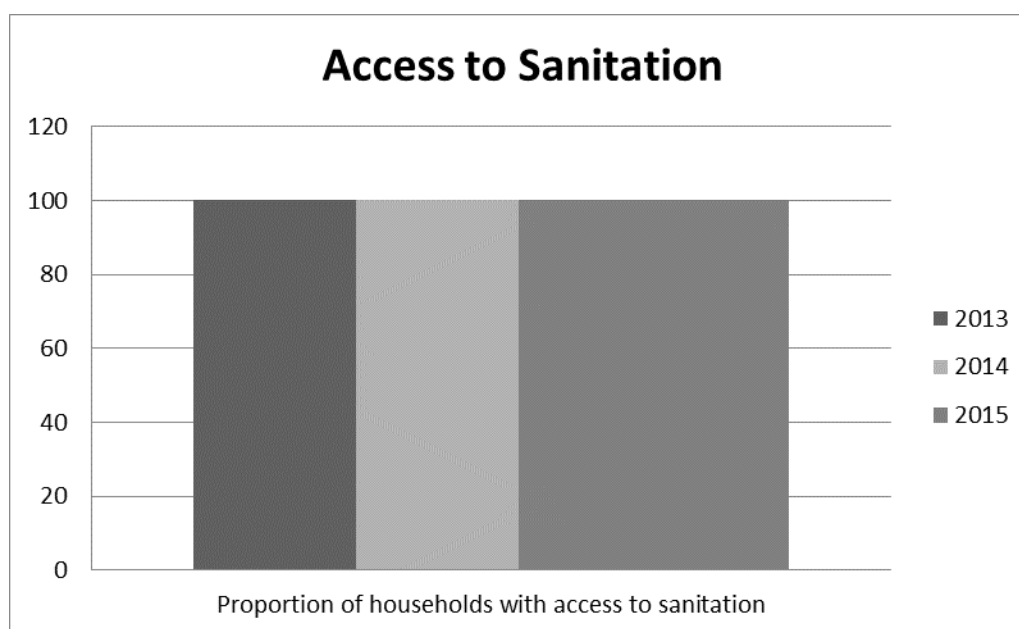
The Sewer Department provided 146 new connections and attended to 3000 blockages during the 2014/15 financial year.



Sanitation Service Delivery Levels				
Description	2012	2013	2014	*Households 2015
	Outcome No.	Outcome No.	Outcome No.	Actual No.
Sanitation/sewerage (above minimum level):				
Flush toilet (connected to sewerage)	27 161	27 288	26 097	26 623
Flush toilet (with septic tank)	5 167	5 191	5 233	5 285
Chemical toilet	0	0	0	
Pit toilet (ventilated)	30	30	30	30
Other toilet provisions (above minimum service level)	0	1 485	2 285	2 285
<i>Minimum Service Level and Above Sub-Total</i>	32 358	33 994	33 645	34 223
<i>Minimum Service Level and Above Percentage</i>	93,1%	96%	99,6%	99,6%
Sanitation/sewerage (below minimum level):				
Bucket toilet	2 400	1 422	137	137

Sanitation Service Delivery Levels				
Description	*Households			
	2012	2013	2014	2015
	Outcome No.	Outcome No.	Outcome No.	Actual No.
Other toilet provisions (below minimum service level)				
No toilet provisions				
<i>Below Minimum Service Level Sub-Total</i>	2 400	1 422	137	137
<i>Below Minimum Service Level Percentage</i>	6,9%	4%	0,4%	0,4%
Total households	34 758	35 416	33 782	34 360

Households - Sanitation Service Delivery Levels below the minimum				
Description	Households			
	2012	2013	2014	2015
	Actual No.	Actual No.	Actual No.	Actual No.
Formal Settlements				
Total households	32 358	33 994	33 645	34 223
Households below minimum service level	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%
Informal Settlements				
Total households	2 400	2 907	2 285	2 285
Households below minimum service level	–	–	137	137
Proportion of households below minimum service level	0%	0%	6%	6%



Employees: Sanitation Services				
Job Level	2015			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
T4	21	21	0	0%
T5	1	1	0	0%
T6	1	1	0	0%
T7	8	7	1	13%
T8	4	4	0	0%
T10	9	9	0	0%
T11	3	3	0	0%
T13	2	2	0	0%
T14	1	1	0	0%
T15	1	1	0	0%
Total	51	50	1	2%

Financial Performance 2015: Sanitation Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	62 467	64 220	65 123	66 320	3%
Expenditure:					
Employees	13 644	14 259	14 614	14 369	1%
Repairs and Maintenance	3 891	4 638	4 144	3 529	-31%
Other	23 218	25 333	29 473	27 149	7%
Total Operational Expenditure	40 752	44 230	48 231	45 048	2%
Net Operational Expenditure	-21 715	-19 990	-16 892	-21 272	6%

Capital Expenditure 2015: Sanitation Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Upgrade Telemetry	18 571 596	17 937 850	17 268 358	-8%
Regional Sewerage Works: Sludge Drying Facility				
Furniture, Tools and Equipment	80 000	100 000	96 656	17%
Replace Old Model Pump Stations with New Ones	11 000 000	11 000 000	10 999 937	0%
Fencing Sewer Pump Stations	10 000	26 000	24 483	59%
New Level-Sensor for Sewer Pits	440 000	450 000	442 623	1%
Capital Spares (Replacement of Mixer Motors)	150 000	175 000	147 935	-1%
New Connections	120 000	137 000	133 891	10%
Grinders for Pump Stations	0	300 000	0	
Replacement of Vehicle: CBS 33195	300 000	50 000	50 893	-489%
Furniture, Tools and Equipment	500 000	473 000	463 706	-8%

Capital Expenditure 2015: Sanitation Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
New sewer lines in Asla Park and KwaNonqaba	230 000	200 000	200 258	-15%
New Sewer Lines : D'Almeida	45 000	34 500	26 326	-71%
Upgrade of Beach Street Sewer Pump Station	500 000	402 462	402 461	-24%
New 2-way Radios	1 000 000	541 400	516 978	-93%
Capacity Increase of Friemersheim Sewerage Treatment Plant	200 000	161 000	119 969	-67%
Increase Sewer Pipeline at Village-on-Sea	15 000	7 700	7 618	-97%
Extension of Friemersheim Sewerage System	2 746 596	2 529 750	2 401 947	-14%
Upgrading of Sewer Pump Station (Erf 4331)	500 000	597 538	485 941	-3%
Purchase of Canopy: CBS 33243	25 000	21 000	20 817	-20%
Additional Screens at Inlet Works	60 000	80 000	78 067	23%
Upgrade Telemetry	0	21 500	19 702	100%
Regional Sewerage Works: Sludge Drying Facility	650 000	630 000	628 150	-3%

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL

1. New Sewer Lines in Asla Park and KwaNonqaba: A total length of 272 m of sewer lines were upgraded from 110 mm to 160 mm by means of pipecracking in the Asla Park and KwaNonqaba area. The reason for increasing the pipeline diameters was to reduce the number of sewerage blockages that occur in this area due to the small pipe diameters. The expenditure for this project during the 2014/2015 financial year was R402 461,33 excluding VAT.

2. Increase sewer pipelines at Village-on-Sea: A total length of 532 m of sewer lines were upgraded from 110 mm to 160 mm by means of pipecracking at the Village-on-Sea area. The reason for increasing the pipeline diameters was to reduce the number of sewerage blockages that occur in this area due to the small pipe diameters.

The expenditure for this project during the 2014/2015 financial year was R485 941,38 excluding VAT.

3. New Sewer Lines in D'Almeida – A total of 142 metres of old midblock sewer lines was abandoned and 249 metres of new erf connections were installed. A total 77 metres of new main sewer lines were installed. Twenty-six erven were provided with new boundary chambers and sewer connections. Ten new sewer manholes were also built. The purpose of this project was to systematically relocate sewer pipelines that are inaccessible and simultaneously increase undersized sewer pipe diameters.

The expenditure on this project during the 2014/2015 financial year was R516 978,44 excluding VAT.

4. Regional Sewerage Works: Sludge Dewatering Facility: The new sludge dewatering facility has been identified and implemented as a multi-year project funded from the Capital Replacement Reserve (CRR) over two financial years. The site handover took place on 5 November 2014 and the facility will be completed by 10 December 2015. The design provides for the dewatering of sludge at a rate of 110m³/hour and will improve the overall process performance of the Waste Water Treatment Works.

The Hartenbos Waste Water Treatment Works has a total treatment capacity of 17,4Mℓ a day with a total of 6 480 cubic metres of available drying beds. The additional dewatering capacity will allow for operational versatility with sufficient buffer capacity.

Expenditure for this project during the 2014/2015 financial year amounted to R10 999 936,74, excluding VAT. An additional amount of R7 000 000 has been budgeted from the CRR for the 2015/2015 financial year to complete the facility.

5. Capacity Increase of Friemersheim Sewerage Treatment Plant: The capacity increase for the Friemersheim Waste Water Treatment Works was funded from both the CRR and the Municipal Infrastructure Grant (MIG) at R308 000 and R2 438 596 respectively. The consultants appointed for the design of the project indicated that the upgrade would increase capacity to 210 kℓ a day for the benefit of 426 households.

Expenditure on this project amounted to R2 296 054,77 excluding VAT, during the 2014/2015 financial year.

In summary, the capital expenditure projects completed in the 2014/2015 financial year resulted in improved service delivery in the greater Mossel Bay area.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Electricity is purchased from Eskom at five intake points at voltages of 66kV, 22kV and 11kV, with a total maximum demand of 68 MVA.

The strategy of the Municipality is to maintain the existing electrical networks at acceptable levels and to continuously upgrade infrastructure to create sufficient capacity for all electrification projects and new developments.

The following major projects were completed in 2014/2015 financial year:

66kV Overhead Line Upgrade

Approximately 2 km of the existing 66kV overhead line between the Mossel Bay Intake substation and the South substation has been rebuilt as the line has been in service for approximately 30 years and has surpassed normal life expectancy. The upgrading will provide a reliable supply of electricity to the Mossel Bay CBD and surrounding areas. The total project cost amounted to R2 million.

Electrification Projects

A total of 526 houses were electrified in the 2014/15 financial year. Newly built houses were electrified at the Asazani/Izinyoka and Elangeni housing projects and various informal settlements in the KwaNonqaba, Asla Park and surrounding areas. The project involved the installation of mini-substations as well as medium-voltage and low-voltage reticulation at a cost of R5,1 million. The project is funded by the Department of Energy and electrification is done in accordance with the Integrated National Electrification Programme (INEP) policy guidelines.

11kV Overhead Line to Glentana

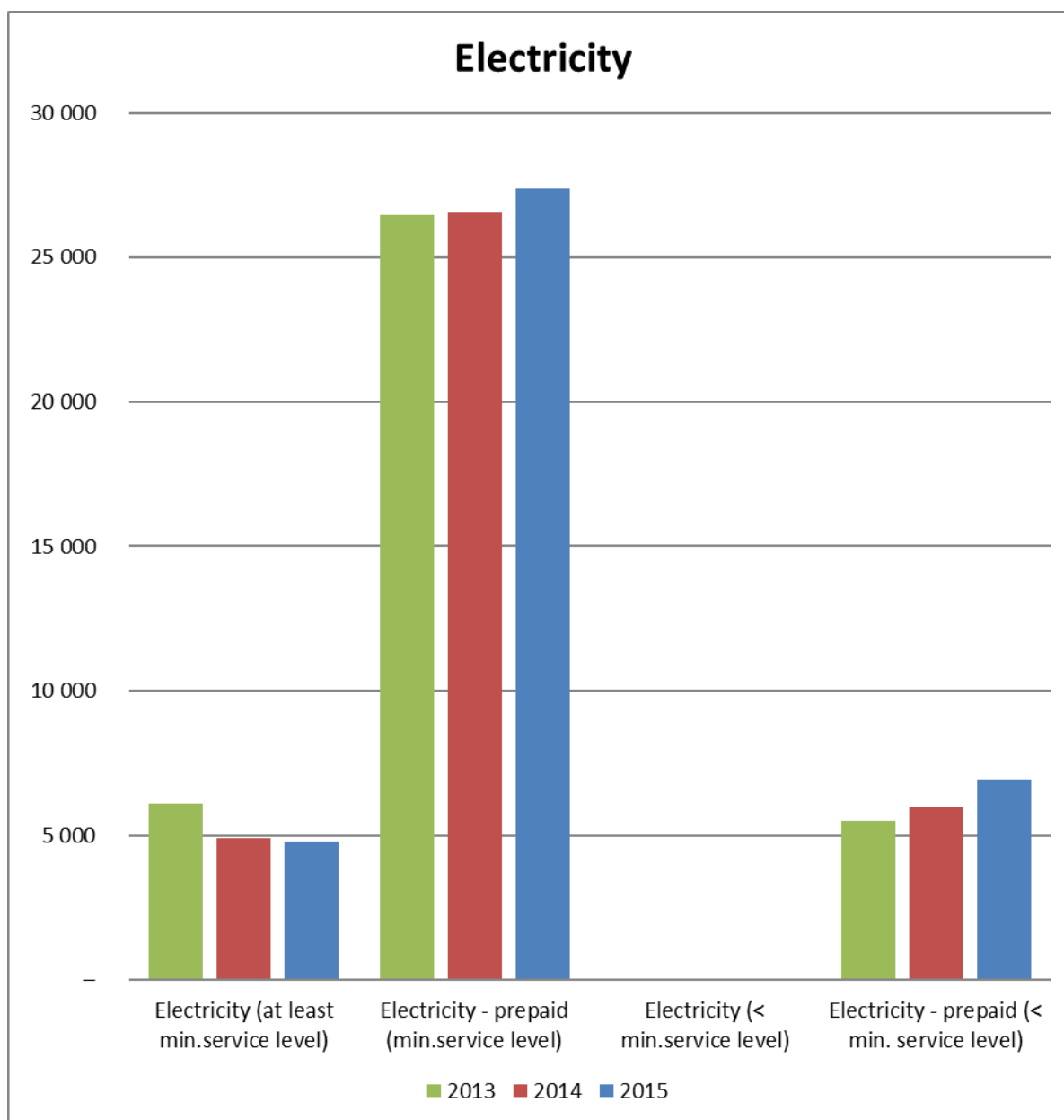
A new 11kV feeder of approximately 3km has been constructed to link the Glentana and Great Brak River areas with a second Eskom bulk supply substation. The areas of Great Brak River, Glentana, Hersham, Outeniqua Strand and the Island currently rely on a single Eskom supply point in the Greenhaven area at Great Brak River to feed the municipal electrical

supply network in these areas. The new 11kV feeder will provide additional capacity and reinforcement on the extended radial network between Glentana and Great Brak River. The area experiences prolonged power interruptions due to capacity constraints and old electrical networks in the area. The electrical feeder will also cater for new residential and commercial developments in the area.

The project has been completed in June 2015 at a cost of around R3, 45million.

Groenkloof Substation

A new 11kV switch room was established at Groenkloof (Little Brak River) at a cost of R2, 7 million. The project involved the construction of a switch room and the installation of seven SF6 type switch gears. The switch room is centralised and will ensure that the network load in the area is balanced and that smaller areas will be affected in the event of faults or outages.



Electricity Service Delivery Levels				
Description	Households			
	2012 Actual No.	2013 Actual No.	2014 Actual No.	2015 Actual No.
Energy (above minimum level):				
Electricity (at least minimum service level)	6 084	6 084	4 894	4 767
Electricity - prepaid (minimum service level)	28 691	26 491	26 564	27 398
<i>Minimum Service Level and Above Sub-Total</i>	34 775	32 575	31 458	32 165
<i>Minimum Service Level and Above Percentage</i>	87%	85,6%	84%	86,8%

Electricity Service Delivery Levels				
Description	2012	2013	2014	Households 2015
	Actual No.	Actual No.	Actual No.	Actual No.
Energy (below minimum level):				
Electricity (below minimum service level)				
Electricity - prepaid (below minimum service level)	5 182	5 500	5 980	6 949
Other energy sources				
<i>Below Minimum Service Level Sub-Total</i>	5 182	5 500	5 980	6 949
<i>Below Minimum Service Level Percentage</i>	13%	14,4%	16%	18,8%
Total number of households	39 957	38 075	37 438	37 051

Households - Electricity Service Delivery Levels below the minimum						
Description	2012	2013	2014	2015		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	39 957	38 075	37 438	37 051	37 051	37 051
Households below minimum service level	5 250	5 250	2 500	2 500	2 500	2 500
Proportion of households below minimum service level	13%	14%	7%	7%	7%	7%
Informal Settlements						
Total households	39 957	38 075	37 438	37 051	37 051	37 051
Households below minimum service level	650	650	1 188	2 386	2 386	2 386
Proportion of households below minimum service level	2%	2%	3%	6%	6%	6%

Financial Performance 2015: Electricity Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	313 967	333 057	335 342	349 746	5%
Expenditure:					
Employees	16 564	18 617	17 995	17 764	-5%
Repairs and Maintenance	4 535	5 037	5 175	5 061	0%
Other	222 581	243 292	246 719	243 551	0%
Total Operational Expenditure	243 680	266 946	269 889	266 376	0%
Net Operational Expenditure	-70 287	-66 110	-65 453	-83 370	21%

Capital Expenditure 2015: Electricity Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	24 398 597	23 228 033	22 580 849	-8%
Furniture, Tools and Equipment	15 000	15 000	15 094	1%
Vehicle Management System	15 000	15 000	12 013	-25%
Replacement Network Hartenbos	400 000	500 000	499 900	20%
Replacement Low Voltage Overhead Lines (Central Town)	1 000 000	980 000	1 003 568	0%
Second Point of Supply, Glentana/Great Brak River Area	3 900 000	3 680 000	3 455 017	-13%
Substation Improvements (Enhancement 11kV Equipment) : Ext 12 Substation	600 000	575 000	568 786	-5%
Substation Improvements (Enhancement 11kV equipment) : De Bakke Substation	1 000 000	920 000	873 451	-14%
New 22kV Transmission Line Little Brak River Sewerage Farm Phases 1&2	30 000	30 000	30 000	0%
Replacement Network Low Voltage	500 000	500 000	406 452	-23%
New Connections	800 000	800 000	842 268	5%
Replace Ageing Miniature Substations	1 000 000	1 208 900	1 203 540	17%
Replace MV Ring Main Units	1 000 000	791 100	791 100	-26%
Electrification Projects	3 329 825	5 103 033	5 103 019	35%
Tools and Equipment	100 000	125 000	112 846	11%
Replacement of Vehicle: CBS 21327	230 000	230 000	215 468	-7%
Street Lights: Great Brak River	50 000	50 000	49 595	-1%
66kv Overhead Line Upgrade- Intake to South Substation	2 000 000	2 030 000	1 996 693	0%
Groenkloof K/B Switching Substation- New 11kv Switch Room	2 500 000	2 720 000	2 581 928	3%
Public Parking Area at Electrical	100 000	100 000	96 704	-3%

Capital Expenditure 2015: Electricity Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Meter Department				
High Mast Lights for Various Wards	180 000	180 000	120 607	-49%
Infrastructure for Middle Income Housing	1 000 000	970 000	1 233 759	19%
Great Brak River Main Substation - New 11kV Switch Room	250 000	250 000	66 846	-274%
11 kV Overhead Line Upgrade - Sandhoogte	600 000	600 000	473 213	-27%
Replacement of Trailer: CBS 19322	30 000	30 000	24 500	-22%
Energy Efficiency & Demand Side Management Projects	3 508 772	300 000	313 142	-1021%
Emergency Backup System	0	280 000	264 263	100%
Tools and Equipment	35 000	20 000	13 788	-154%
New Two-Way Radios	25 000	25 000	22 854	-9%
Upgrading of Mechanical Workshop	200 000	200 000	190 436	-5%

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

The Municipality maintained the electricity networks in a safe, economical and efficient manner in accordance with the various legislative requirements. A total of 94,6% of the capital budget was spent during the 2014/15 financial year. Approximately 39,1% of the budget was spent on renewal or replacement type projects and the balance on new infrastructure to cater for load growth. The total technical and non-technical energy losses were below 6,8%. A total of 5 391 preventative maintenance tasks were performed on electrical infrastructure to prevent breakdowns and to improve the quality of supplies to the various areas. The Municipality also implemented an energy efficiency project which will yield additional savings of 392 000 kWh per annum.

A total of 526 new connections were provided in the 2014/15 financial year.

The Electricity Department attended to 2 564 electrical call outs during normal working hours.

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

The Mossel Bay Municipality strives to achieve targets set by the National Government for refuse collection, disposal sites, street cleaning and recycling.

Waste management is composed of three sections within the Community Services Directorate, namely Waste Removal, Street Cleaning and Transfer Station.

The focus of the Waste Removal Section is the provision of waste removal services to residents on a continuous basis. Waste removal services are delivered on a weekly basis in the Mossel Bay municipal residential areas. Waste removal in the Central Business District takes place daily depending on the number of removals arranged by businesses. Waste removal in the informal areas takes place on a weekly basis.

The Pollution and Waste Department engages with Councillors and Ward Committees to provide black refuse bags to residents. The bags are collected at points identified by Ward Committees. Waste services in The Island (Great Brak River), Buisplaas, KwaNonqaba and part of Asla Park, Brandwag, Ruiterbos and Friemersheim were outsourced to private contractors during the year.

The Mossel Bay Municipality is involved extensively in the planning and development of the Eden Regional Landfill Site. The procurement processes for the site to be built, operated, financed and transferred by a private entity commenced during the financial year. It is envisaged that the Public Private Partnership (PPP) will be finalised by January 2016 and construction of the site will commence in March 2016.

Recycling services are provided to residents on the same day as refuse removal. During this financial year a new contractor, Greens Waste, was appointed. The total recyclable waste diverted from landfill came to 7,8 per cent of total waste for the 2014/2015 financial year.

The Municipality employs approximately 300 previously unemployed individuals annually as part of the street cleaning entrepreneur's project. The aim of this project is job creation and poverty alleviation, giving unemployed residents the opportunity to earn an income and at the same time to start up a small business as an entrepreneur. During 2015 a budget of R9,8 million was spent on the cleaning project. Additional teams have been appointed to address

illegal dumping and clearing or spraying of herbicides in the residential areas. Five (5) women from this project have been selected to be part of the Gender Links project to empower them with business management skills.

There are four (4) operational waste facilities in Mossel Bay, namely the Louis Fourie Road garden waste site, the KwaNongqaba waste transfer station, the Sonskynvallei waste transfer station and the Great Brak River garden and building waste site. The Department of Environmental Affairs (DEA) has licenced the Louis Fourie Road, Herbertsdale, Buisplaas and Great Brak River waste sites for closure in the future.

The second generation Integrated Waste Management Plan (IWMP) was developed and approved during the 2014/15 financial year. This document is a working tool for the Waste Management Department for the next five years. Inputs regarding the plan have been received from The Department of Environmental Affairs and Development Planning.

The Mossel Bay Municipality has an obligation is to engage with the community and develop a culture of sharing information. The Pollution and Waste Department has done so during the year by raising awareness regarding sound waste management at schools and in the community. Seven awareness campaigns were done during the year. This included a waste minimisation road show in September 2014, while World Environment Day was celebrated by way of a march against illegal dumping by Councillors and employees.

Solid Waste Service Delivery Levels			
Description	2013	2014	Households
	Actual No.	Actual No.	Actual No.
Solid Waste Removal (Minimum Level):			
Removed at least once a week	29 497	29 784	37 438
<i>Minimum Service Level and Above Sub-Total</i>	29 497	29 784	37 438
<i>Minimum Service Level and Above Percentage</i>	92.71%	92.54%	93.68%
Solid Waste Removal (Below Minimum Level):			
Removed less frequently than once a week	290	300	375
Using communal refuse dump	290	300	375
Using own refuse dump	870	900	750
Other rubbish disposal	290	300	374
No rubbish disposal	580	600	651
<i>Below Minimum Service Level Sub-Total</i>	2 320	2 400	2 525
<i>Below Minimum Service Level Percentage</i>	7.3%	7.5%	6.3%
Total number of households	31 817	32 184	39 963
<i>T 3.4.2</i>			

Households - Solid Waste Service Delivery Levels below the minimum					
Description	2013	2014	2015		
	Actual	Actual	Original	Adjusted	Actual
	No.	No.	Budget No.	Budget No.	No.
Formal Settlements					
Total households	28 025	3 7438			39 963
Households below minimum service level	0	0			7 154
Proportion of households below minimum service level	0%	0%			6.3%
Informal Settlements					
Total households	28 025	0			1 187
Households below minimum service level	580	0			7 154
Proportion of households below minimum service level	2%	0%			7%

Financial Performance 2015: Waste Management Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	40 689	43 940	44 311	45 402	3%
Expenditure:					
Employees	11 180	12 597	12 034	11 867	-6%
Repairs and Maintenance	1 700	2 000	2 086	1 894	-6%
Other	23 675	27 134	27 559	24 884	-9%
Total Operational Expenditure	36 554	41 732	41 679	38 644	-8%
Net Operational Expenditure	-4 135	-2 208	-2 633	-6 757	67%

Capital Expenditure 2015: Waste Management Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	4 856 200	3 716 064	3 523 061	-38%
Bulk Containers	100 000	89 000	88 063	-14%
Supply of Bin Lifters	50 000	45 254	45 254	-10%
Recycling Bins	50 000	0	0	
Vehicle Management System	6 200	6 200	0	
Replacing of Rubbish Bins/Skips and Environmental Health at Informal Settlements	80 000	80 000	78 290	-2%
Upgrading of Compactors Units	0	66 525	0	
Hartridge Meter-Vehicle Emissions Testing	60 000	65 288	65 288	8%
Furniture Tools and Equipment	50 000	28 690	24 540	-104%
Replacement of Vehicles: CBS 32787	910 000	775 683	730 461	-25%
Replacement of Vehicles: CBS 32903	1 500 000	1 086 109	1 058 976	-42%
Replacement of Vehicles: CBS 36899	230 000	110 896	116 903	-97%
Replacement of Vehicles: CBS 8127	1 500 000	1 086 109	1 058 976	-42%
Composting Equipment	175 000	0	0	
Tractor	125 000	256 310	256 310	51%
Lawnmower- Herbertsdale	20 000	20 000	0	

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The capital investment focus this year was on the replacement of the current outdated fleet to improve service delivery and to reduce repairs and maintenance costs associated with an outdated fleet. This included the purchase of two compactor vehicles at R 1,1 million each,

the replacement of a skip truck to the value of R980 000 as well as a half-ton bakkie at a cost of just under R 230 000.

Successes achieved during the year

- Continuous commitment and partnership with the ROSE Foundation for oil collection services and containers provided for the service;
- E-waste management services provided during this year with Mabona;
- Winner of Western Cape Greenest Municipality Competition for the second consecutive year;
- Implementation of the Environmental Protection and Infrastructure Programme (EPIP) of R8 million.
- Finalist in the SABC 3 Enviropedia Ecologic awards category for municipalities.

Challenges

- Illegal dumping of all waste types;
- Sustainability of the recyclable waste swop shops.
- Increasing blue bag participation rate by residents;
- Limited resources in relation to expected outcomes.

3.5 HOUSING

INTRODUCTION TO HOUSING

The provision of subsidy and affordable housing in the municipal area of Mossel Bay is faced with considerable challenges in terms of spatial issues, bulk infrastructure and financing. In an effort to alleviate the demand for housing opportunities the Municipality updated the Housing Settlement Plan to be rolled out over a 10-year period. It is proposed that approximately 5 800 Breaking-New-Ground and approximately 4 700 affordable housing opportunities be erected over this time span. During the financial year priority was given to the compilation of an Upgrading of Informal Settlements Plan (UISP) in terms of the National Upgrading Support Programme (NUSP), which is spearheaded by the National Department of Human Settlements.

The main Human Settlement Projects in 2014/2015 were as follows:

- Completion of 217 top structures on the Asazani/Izinyoka UISP Project.

- Building of 131 top structures, using community based sub-contractors on the KwaNonqaba People's Housing Project.
- Commencement with of services for 154 sites on the Herbertsdale Housing Project.
- Commencement with the provision of services to 256 sites on the last phase of the Asazani/Izinyoka Housing Project.

The challenges for and projects in planning to be commenced within the next financial year are:

- Relocation of the Powertown Informal Settlement to Sonskynvallei.
- Rectification and upgrading of the existing 206 top structures at Sonskynvallei.
- Completion of services to 154 erven at Herbertsdale and the commencing of the building of top structures.
- Completion of the provision of services to 256 erven and the commencement with the building of top structures in the last phase of the Asazani/Izinyoka Project.
- Building of 32 top structures on infill erven in Joe Slovo Village, Highway Park and Civic Park.
- Replacing 6 storm damaged houses in Tarka.
- Commencement with the planning processes on two designated land portions in the Louis Fourie Road Corridor for mixed housing uses, which will aim to accommodate backyard dwellers captured on the housing demand database.
- Technical planning for the implementation of the Upgrading of Informal Settlement Strategy adopted by the Municipality.

Percentage Of Households with Access to Basic Housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of Households in formal settlements
2012	28 247	24 295	86,0%
2013	28 574	24 622	86,2%
2014	28 700	24 748	86,2%
2015	29 177	25 225	86,5%

Employees: Housing Services					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	3	3	3	0	0%
7 - 9	2	2	2	0	0%
10 - 12	1	1	1	0	0%
13 - 15	2	2	2	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	8	8	8	0	0%

Financial Performance 2015: Housing Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	43966	48468	76782	26886	-80%
Expenditure:					
Employees	2435	2949	2756	2765	-7%
Repairs and Maintenance	371	1548	1575	576	-169%
Other	11320	36986	46919	31519	-17%
Total Operational Expenditure	14126	41483	51249	34859	-19%
Net Operational Expenditure	-29840	-6986	-25533	7974	188%

Capital Expenditure 2015: Housing Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	13 000 000	30 968 898	13 305 486	2%
Herbersdale Services: Infrastructure	0	4 492 600	3 406 477	100%
Wolwendans Rehabilitation	0	5 832 000	5 272 724	100%
Asazani/Izinyoka Services to 256 Erven	13 000 000	20 644 298	4 626 284	-181%

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

- The 2015 IMESA Award for the “Best Community Upliftment Project in South Africa” – Wolwedans Housing Project.
- The Govan Mbeki Award for the best PHP Project in the Western Cape (Kwanonqaba PHP Project).

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The objective of Mossel Bay Municipality is to ensure that the procedures and guidelines, regarding indigent and poor household subsidies, are known to all. This is done by having permanent offices in different areas where applications for a subsidy can be made with the assistance of a person in charge of the office.

Special drives are also performed in the different wards where the community is invited to come and apply for a subsidy at a hall nearby and where they are also assisted with the completion of the applications.

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R2 800 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
2013	100 000	6 588	6 588	100%	6 443	98%	6 217	94%	6 499	99%
2014	103 000	6 491	6 491	100%	5 380	83%	5 955	92%	6 425	99%
2015	105 000	6 528	6 528	100%	5 331	82%	6 891	106%	6 497	100%

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

Apart from the indigent subsidy which is funded from the Equitable Share, Mossel Bay also has a subsidy for poor households which is funded by Council. The subsidy for poor households also covers the basic fee for water, refuse removal and sanitation and has the same criteria as the indigent subsidy. The only difference between the indigent and poor household subsidies is that the gross income of the poor household must not be more than three times the Government pension.

COMPONENT B: ROADS

3.7 ROADS

INTRODUCTION TO ROADS

The Sub-Directorate Streets and Stormwater is responsible for the construction and maintenance of all tarred and gravel streets in the municipal area, except for provincial and

national roads. The total gravel road network comprises of 23,8 km and the total tarred network of 406,9 km.

The main strategic objective is to provide road infrastructure services to the community of Mossel Bay. The main priorities as set in the Integrated Development Plan are as follows:

- Provision of roads and sidewalks.
- Upgrading and maintenance of gravel roads.
- Resealing and maintenance of the existing road network.
- Construction of new roads.

The flexible (tar) road network is in a good condition and is well maintained. Gravel roads are continuously upgraded to tar roads and existing roads resealed according to a newly developed Pavement Management System.

During the 2014-2015 financial year 2,8 km of gravel roads were upgraded to tar and 14,36 km of tar roads were resealed. Pothole repairs amounted to 28 500 square metres repaired.

Pavement Maintenance

The Mossel Bay Municipality recognises the importance of preserving the street network (including parking areas) under its jurisdiction. A variety of treatments were used to maintain this portfolio of assets. These range from routine maintenance such as patching of potholes, reconstruction of pavement edges and preventative maintenance such as resurfacing. A pavement maintenance policy was developed in 2014/2015 to identify the portfolio of street and parking areas to be maintained and to define standard pavement maintenance practices. The pavement management system (PMS) directs the execution of pavement maintenance for a specific year. For routine maintenance work pro-active maintenance inspections are done by Municipal staff. The pavement Management System forms a basis of the Resealing Programme.

Challenges

The following are the main challenges facing the Municipality in this regard:

- Some existing gravel roads are not in a good condition and need maintenance. This indicates that the gravel network currently has a backlog in re-gravelling.

- To implement more job creation projects.
- To finalise the Louis Fourie Road Arterial Management and the Road Master Plan.

Highlights and Successes

During 2014/15 more than 1 000 jobs were created using labour-based construction techniques. A Pavement Management System based on a visual condition assessment of all Municipal roads was done.

The overall condition of the flexible pavement network is good with an average of 84%. The overall condition of the segmented block paving network is good with an average of 80%. The overall condition of the concrete road network is good with an average of 81%. The overall condition of the gravel road network is poor with an average of 46%.

In general the gravel road network in Mossel Bay requires serious attention. Significant capital projects were also implemented. The upgrading of Cuff and Matfield Streets as part of the continued upgrading of the CBD was of critical importance. A new Minibus Taxi Terminus was also constructed at Asla. Herbertsdale, Friemersheim and some parts in or around KwaNonqaba benefited from street pavement projects.

Measures to improve performance

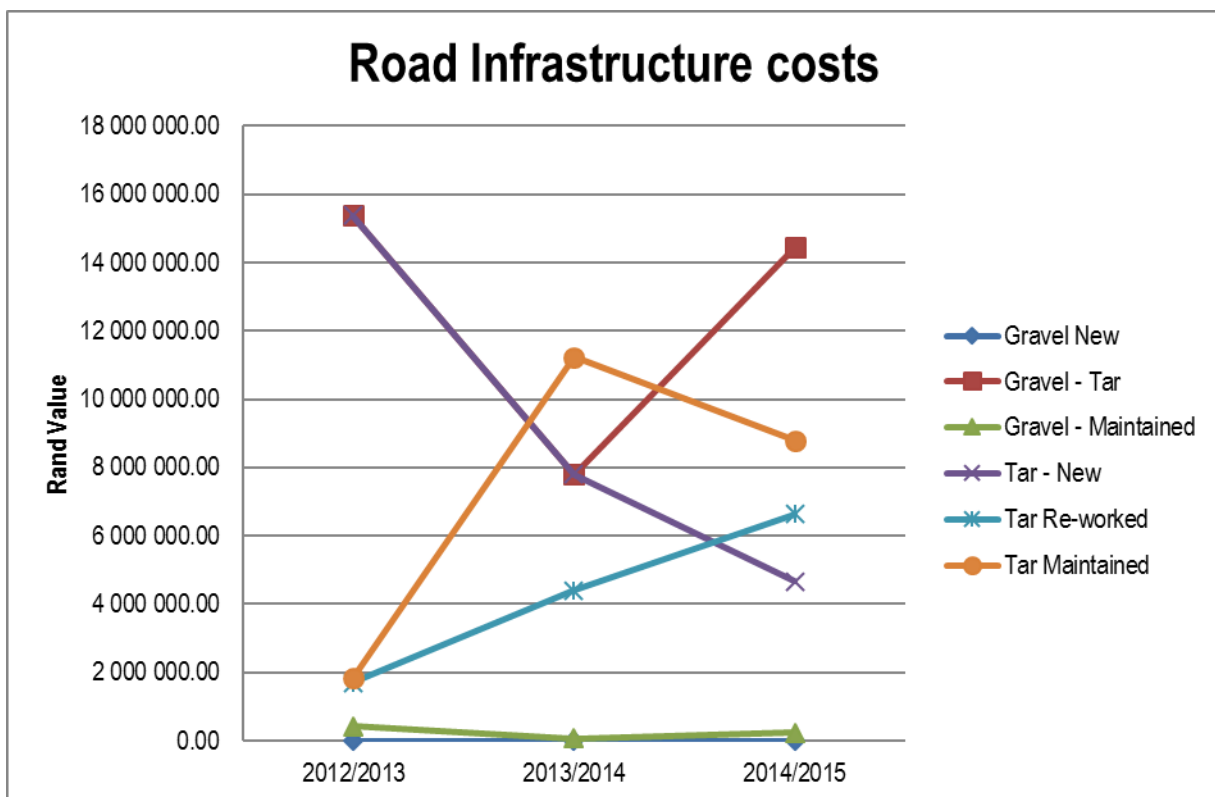
- Unbundling of more construction projects to create at least a 1 000 jobs per year.
- Unpaved and gravel roads need more regular maintenance and funding should be allocated to these projects.

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometers Gravel roads graded/maintained
2012/2013	36,9	0	4,4	6,2
2013/2014	32,5	0	1,6	0,4
2014/2015	23,8	0	2,8	3,5

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Kilometers Tar roads maintained
2012/2013	432,9	4,4	0,3	19,6	4

Tarred Road Infrastructure					Kilometers
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2013/2014	437,3	1,64	0,87	18,1	2,9
2014/2015	406,9	1,19	1,36	14,3	5,12

Cost of Construction/Maintenance						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2012/2013	0	15 375 000	430 000	15 375 000	1 700 000	1 824 000
2013/2014	0	7 800 000	65 00	7 800 000	4 400 000	11 229 450
2014/2015	0	14 444 300	227 655	4 668 658	6 627 216	8 801 840



Employees: Road Services					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	11	65	64	1	2%
4 - 6	2	7	7	0	0%
7 - 9	0	10	10	0	0%
10 - 12	3	6	5	1	17%
13 - 15	2	2	2	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	19	91	89	2	2%

Financial Performance 2015: Road Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8 012	1 592	2 621	15 313	90%
Expenditure:					
Employees	10 798	11 881	12 213	12 127	2%
Repairs and Maintenance	12 482	13 663	14 105	13 688	0%
Other	12 001	10 691	12 183	11 947	11%
Total Operational Expenditure	35 281	36 235	38 501	37 761	4%
Net Operational Expenditure	27 269	34 643	35 880	22 448	-54%

Capital Expenditure 2015: Road Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	24 808 003	25 635 703	25 344 842	2%
New Soakaway, Streenbras Street, Tergniet	100 000	70 500	69 981	-43%
New Soakaway c/o Gill & Brink Street, Little Brak River	40 000	31 530	27 794	-44%
New Catch Pits, Mossienes Street, Great Brak River	40 000	26 593	26 507	-51%
EPWP: Pave Gravel Roads All Areas: Brandwag (Entrance Road West)	145 000	110 000	101 953	-42%
EPWP: Pave Gravel Roads All Areas: Rehabilitate Mayixhale Street	30 000	17 300	13 281	-126%
Pavements: CBD- Mossel Bay	0	8 361	6 356	100%
Pavements: Mbandezi Street 75m, KwaNonqaba	0	17 187	13 090	100%
New Paving: D Elles Street, 160m, Joe Slovo Village	200 000	150 000	140 485	-42%
New Paving: Makhubalo Short	300 000	380 000	225 526	-33%

Capital Expenditure 2015: Road Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Streets (cul-de-sacs) KwaNonqaba				
Sidewalks: Tulip Street	635 000	710 000	679 203	7%
Sidewalks: Curlew Street	240 000	490 000	544 574	56%
Sidewalks: Adriaans Street	140 000	151 200	146 224	4%
Sidewalks: Thembelihle Street-from Mayixhale to Mali Street	200 000	240 000	231 176	13%
Sidewalks: Sole Drive from Grunter to Roman	200 000	224 000	214 646	7%
Sidewalks:Mali Street: Thembelihle Street to Ndibaniso Street	375 000	393 000	381 937	2%
New Kerbs: N. Mantingana Street	195 000	229 400	220 630	12%
New Kerbs: Chris Hani Street	155 000	148 000	140 967	-10%
New Kerbs: Cupido Street	75 000	82 000	81 495	8%
New Kerbs: Nyibiba Street	170 000	163 000	167 289	-2%
New Kerbs: Lingelethu Street	115 000	115 000	104 253	-10%
New Entrance Signage	150 000	165 000	165 810	10%
Pave Sidewalks: Dana Bay along Flora Road	105 000	120 000	115 404	9%
Rebuild Greenhaven Walkway, Phase 2, Amy Searle Street, 300m	0	260 000	227 943	100%
Rebuild Ndibaniso Avenue, 40m, KwaNonqaba	200 000	217 000	215 324	7%
Rebuild Elundi Street 110m, KwaNonqaba	150 000	190 645	190 645	21%
Rebuild Vukani Street 70m, KwaNonqaba	120 000	120 000	126 410	5%
Stormwater Channel from Mooney Street to Frans Street-Adriaans Drive	330 000	330 000	376 250	12%
Tarring of Streets and Roads: Parking Area Animal Hospital-Hartenbos Hills	210 000	252 500	256 950	18%
Tarring of Streets and Roads: Gravel Streets in Eureka Park	500 000	457 500	390 153	-28%
Rehabilitation of Gravel Roads in Great Brak Heights Road North/South and Stasiekop	300 000	223 052	206 582	-45%
Rehabilitation of Gravel Roads in Great Brak Heights Road North/South and Stasiekop	1 000 000	1 000 000	999 775	0%
Slipway Cape Road to Marsh Street	200 000	176 000	175 220	-14%
New Emergency Exit, Tuscany Park, 40m Island View	300 000	218 071	218 071	-38%
Rebuild Hall Street, 80m	115 000	115 000	108 658	-6%
Rebuild Matfield Street, 60m, CBD	50 000	60 000	59 227	16%

Capital Expenditure 2015: Road Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Rebuild Cuff Street (CBD)	320 000	380 000	419 577	24%
Upgrade of Gravel Roads and Stormwater System: Asla Park	500 000	880 000	838 693	40%
Upgrade of Gravel Roads and Stormwater System : Friemersheim	550 000	507 000	503 951	-9%
Herbertsdale: Upgrade Gravel Roads and Stormwater Systems: Phases 1 and 2	500 000	497 300	511 525	2%
New Minibus Taxi Facilities corner of Adriaans Drive / Crotz Street, Phase 2	3 693 095	3 604 595	3 600 585	-3%
New Parking in Bland Street opposite Milkwood Primary School	3 693 095	3 700 595	3 690 163	0%
Rebuild Flora Road/ Malva Street Intersection (Mini Circle), Dana Bay	3 887 550	3 887 550	3 879 830	0%
Upgrading of Point	50 000	50 000	50 300	1%
Rebuild Charles Searle Bridge	50 000	50 000	46 061	-9%
New Parking Area: 1st Beach (Dana Bay)	0	127 050	109 956	100%
New Parking Area: 2nd Beach (Dana Bay)	14 000	7 000	6 006	-133%
Bulk Services - Stormwater: Sonskynvallei	1 500 000	1 500 000	1 500 000	0%
Rehabilitation of Gravel Roads in Great Brak Heights Road North/South and Stasiekop	800 000	830 650	874 113	8%
Slipway Cape Road to Marsh Street	200 000	195 353	194 533	-3%
New Emergency Exit, Tuscany Park, 40m Island View	1 000 000	900 000	899 678	-11%
Rebuild Hall Street, 80m	465 263	428 421	426 368	-9%
Rebuild Matfield Street, 60m, CBD	100 000	45 000	36 700	-172%
Rebuild Cuff Street (CBD)	100 000	83 350	83 103	-20%
Upgrade of Gravel Roads and Stormwater System: Asla Park	0	0	3 911	100%
Upgrade of Gravel Roads and Stormwater System : Friemersheim	300 000	300 000	300 000	0%

COMMENT ON THE PERFORMANCE OF ROADS OVERALL

The largest portion of the budget was used to upgrade gravel roads to tar roads in Asla Park, Friemersheim and Herbertsdale and to provide a new minibus terminal in Asla Park.

Variations in the budget were due to savings occurred or unforeseen circumstances not envisaged during the design phase.

No provincial roads have been delegated to Mossel Bay during the financial year. The Western Cape Provincial Government planned the upgrading of three intersections on Louis Fourie Road. These projects are planned to start in September/October 2015.

A Road Management Plan for the greater Mossel Bay area has been completed with the help of the Western Cape Government.

The Louis Fourie Corridor Arterial Management Plan has also been completed and is circulated via the Integrated Development Plan. This plan will improve the integration between transport, land use, engineering services and planned settlements. Road safety is also addressed by limiting access and improvement of mobility along this corridor.

A new Road Maintenance Policy and Procedures have also been developed. The purpose of this policy is to standardise pavement maintenance and to describe the approach to pro-active monitoring and evaluation of the street network.

3.8 STORMWATER DRAINAGE

INTRODUCTION TO STORMWATER DRAINAGE

The Mossel Bay municipal area has experienced various floods during the past financial year. The Municipality is still in process to replace and rehabilitate stormwater systems damaged during the 2011/2012 and 2013/2014 floods.

Due to age, unknown conditions of some stormwater infrastructure, especially in the Central Business District, unforeseen failure of stormwater pipe systems occur. The aging stormwater infrastructure of the old part of town put an additional burden on the Operating and Capital Budgets.

During the new 2015/2016 budget year a Stormwater Master Plan will be developed for the Central Business District. The outcome will provide a mechanism which will help to protect life and property from damage of flooding.

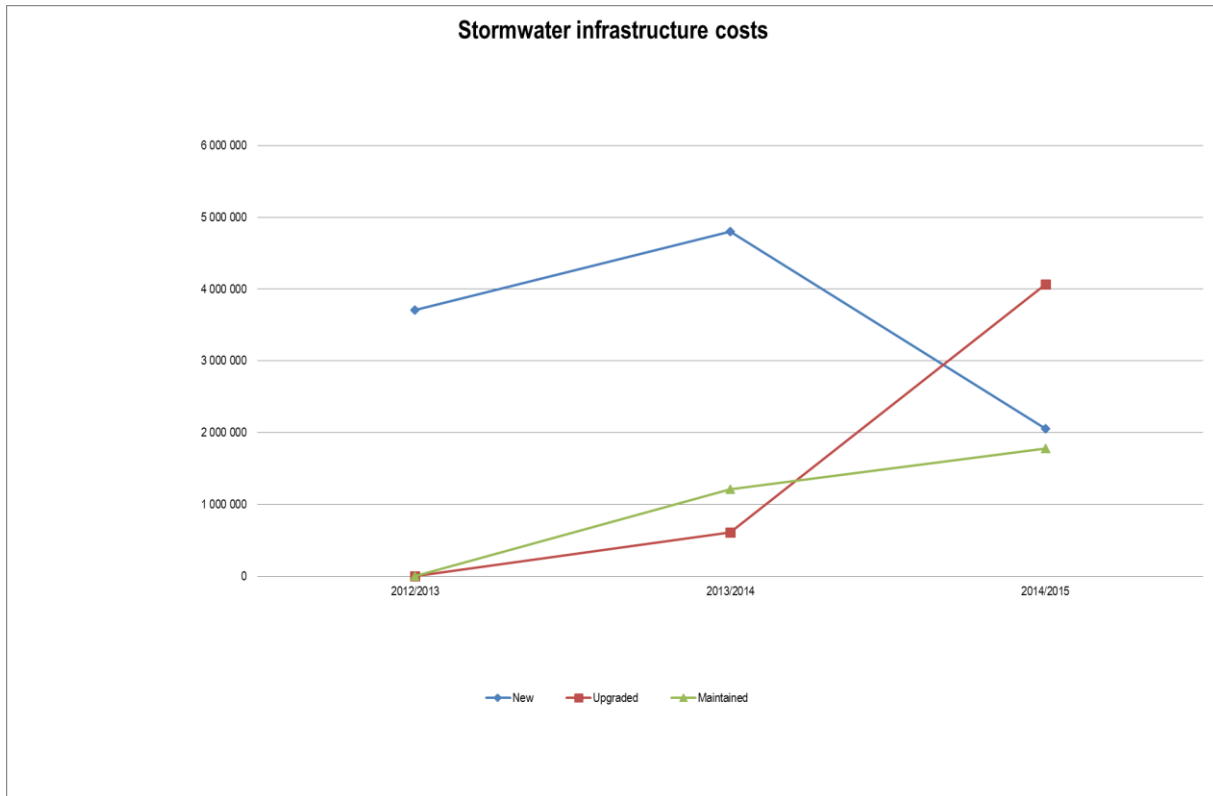
Localised stormwater planning has been done for the Eiland/Bakke Street, Kieriehout, Burns/Federich, Marsh/Bland Street catchment areas.

The Great Brak Estuary and breaching of the Great Brak River also require an updated policy when and how to release water from the Wolwedans Dam or when to open or close the river mouth. It is also recommended that the updated policy take a flexible approach depending on the Wolwedans Dam level to accommodate ecological processes and socio-economic considerations.

The challenges faced in 2014/2015 budget year were partially met taking into account the existing capacity and limited budget. The day to day maintenance of stormwater systems is done by only two infrastructure teams covering all the 14 Wards. The demand for maintenance will increase as housing project developments fill the open areas. To improve performance and cleaning of stormwater systems on annual tender was awarded to a contractor with a jet machine to assist the local teams in the cleaning of stormwater inlets, pipes and manholes.

Priority is given to residential areas with no stormwater drainage and all new housing developments will receive piped stormwater systems to prevent damage to properties, pollution, and erosion of the natural environment

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
2012/2013	3 710 000	0	0
2013/2014	4 800 000	615 000	1 211 000
2014/2015	2 057 191	4 062 832	1 779 594



Employees: Stormwater Services					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	9	9	0	0	0%
4 - 6	2	2	0	0	0%
7 - 9	1	1	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	9	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	12	12	9	0	0%

Financial Performance 2015: Stormwater Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 541	0	8 259	4 592	100%
Expenditure:					
Employees	2 708	2 993	2 915	2 876	-4%
Repairs and Maintenance	1 516	1 785	1 801	1 781	0%

Financial Performance 2015: Stormwater Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Other	4 423	4 345	4 245	3 547	-22%
Total Operational Expenditure	8 647	9 122	8 961	8 204	-11%
Net Operational Expenditure	5 106	9 122	702	3 611	-153%

Capital Expenditure 2015: Stormwater Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	10 235 537	16 466 945	10 968 187	7%
Improve Stormwater: Amy Searle Greenhaven	4 085 537	4 085 537	4 062 832	-1%
Stormwater Channel eroded (Oudeweg)	0	208 450	16 461	100%
Stormwater Flooding of Erven/Soakaway Capacity Problems (Elandslaagte, Hartenbos)	0	352 000	0	0%
Gravel Road Eroded (Sandhoogtepad)	0	238 294	18 818	100%
Stormwater Flooding of Erven/No Drainage network (3rd Avenue and Swart Street)	0	363 000	28 666	100%
Outlet Structure Damage (P.Nutans)	0	333 438	165 601	100%
Outlet Structure Damage (KwaNonqaba: Mzamohle Street)	0	233 888	18 470	100%
S/W Flooding (Kiewiet & Cupido)	0	808 954	53 352	100%
Outlet Structure Damage (Bakke and Nautica)	0	2 324 025	153 286	100%
Outlet Structure Damage (George and 4th Avenue)	0	113 781	8 985	100%
Stormwater Network Capacity Problems (Bland and Marsch streets)	0	996 978	73 590	100%
Improve stormwater drainage: Stormwater Eureka Park	200 000	211 600	211 534	5%
Improve stormwater drainage: Stormwater Hersham	750 000	637 000	636 110	-18%
Upgrade the stormwater Drainage capacity of Nooitgedacht Road, Bayview	1 000 000	1 000 000	960 483	-4%
Infrastructure for Middle Income Housing (Streets and Stormwater)	4 200 000	4 560 000	4 560 000	8%

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Significant flooding of roads and property has occurred on a frequent basis in the Amy Searle (Greenhaven area) run-off system. An analysis of the stormwater run-off indicates that overtopping of the Amy Searle/ Gelderblom crossing will occur. This problem was resolved by installing a box-culvert low-lying bridge crossing and widening the channel with gabion baskets. This multi-year project will continue during the year up until 2016/17 with possible further extension.

Previously disadvantaged such as Friemersheim, Asla Park, KwaNonqaba and Herbertsdale were provided with piped stormwater systems. The abovementioned projects were also indicated in the IDP and are in line with the development objective to provide a sufficient and effective drainage system for the municipal area.

During the financial year several flash floods occurred, damaging roads, property and stormwater infrastructure in Mossel Bay. A disaster claim to the amount of R6 800 000 was submitted to the National Disaster Relief Fund and these funds will be available in the coming 2015/2016 financial year.

However, besides the abovementioned funding, the Municipality has been pro-active by installing soak-away systems in various low-lying areas, such as Bayview, Hersham, Tergniet, Hartenbos and the Little Brak River area.

The challenge for Mossel Bay is to develop a new Stormwater Master Plan for the Central Business District (CBD). Major stormwater systems are inspected proactively on a monthly basis per ward to prevent blockages and subsequent flooding. Due to climate change, storm surges and rising sea levels, the Municipality is involved proactively in the opening and closing of the estuarine river mouths, such as Great Brak River, Little Brak River and Hartenbos.

The parking areas at 1st and 2nd beaches in Dana Bay were also rehabilitated by the installation of gabion structures and landscaping during the year under review.

COMPONENT C: PLANNING AND DEVELOPMENT

3.9 PLANNING

INTRODUCTION TO PLANNING

The past few years and particularly the last year have been characterised by various court rulings pertaining to Town Planning as well as far-reaching changes in planning legislation at National Government level that will impact on both Local and Provincial governments. As a result of the Constitutional Court's ruling on the invalidity of the Development Facilitation Act and the Provincial Planning Tribunal, planning reform has been initiated by the adoption of the new Spatial Planning and Land Use Management Act (SPLUMA) at National level and consequently all Provincial Authorities had to review their own legislation to coincide with the changed National legislation. This led to the Western Cape Provincial Administration taking the lead in redrafting its own legislation and various standing committees were appointed to investigate planning in the province so as to align it with national thinking. Amongst other, the new Western Cape Land Use Planning Act (LUPA) was promulgated as well as the new model zoning scheme regulations and a new Municipal By-law relating to Planning was compiled for adoption by Local Authorities.

These new changes in legislation will result in several “old order” legislation being repealed and extensive powers will be granted to Local Authorities to consider and make their own decisions regarding “own municipal planning” without Provincial Authorities overriding municipal decisions. Of importance in this regard is the establishment of an own municipal Planning Tribunal, which will make decisions pertaining to municipal land use applications, with a right of appeal to the Municipal Council.

Mossel Bay will be included in the Joint Tribunal, which is to be established for the municipalities in the Eden District municipal area. The detail and the functioning of this Joint Tribunal is still under the spotlight.

The Mossel Bay Municipality is currently working in collaboration with the Province as well as the District Municipality and other towns in the Southern Cape to consider the legislation for implementation and hopefully the successful and smooth commencement thereof. It is envisaged that SPLUMA will already be partially implemented on 1 July 2015, after which the Provincial legislation as well as the local By-law and new zoning scheme regulations will be implemented at local government level

Another initiative that the new legislation makes provision for is the compilation of a provincial framework for external engineering services contributions, which can be adopted by municipalities as a model. The payment of external services has been a challenge for local authorities for several years and although most do have a policy in this regard, municipalities are encouraged to review existing policies and, where possible, to amend the provincial model for their own circumstances.

Mossel Bay will in the next financial year complete the Revised External Services Policy and the consulting engineers Aurecon was appointed to facilitate the process.

Various meetings and information sessions regarding the new legislation and policies were attended during the past year and the Mossel Bay Municipality also assisted with the compilation of the provincial external services policy.

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PLANNING AND SERVICE DELIVERY

The new planning legislation, which was introduced during the past year and which is due to commence soon, was undoubtedly one of the biggest challenges in the field of town planning.

It is high priority to obtain approval and acceptance for the new planning legislation so that the antiquated scheme regulations and ordinance can be replaced with improved and more comprehensive descriptions of land uses. This will simplify the task of the land use controllers and enable the Municipality to act in a technically and legally correct manner.

The proposed new scheme regulations and By-law which will soon come into effect also challenges the planning personnel in respect of the establishment of an electronic erf register and zoning maps which will replace the outdated systems. Consultants have been appointed to design the erf register and to put a system in place for the new electronic zoning maps that will enable officials to maintain it regularly themselves. Similarly, all applications for land use changes will be monitored on an electronic system. This will naturally lead to better service delivery and the officials will receive the necessary training. Substantial funds in the operating budget have been spent on this. No capital projects were handled by the Town Planning Division.

It is naturally high time that the Town Planning environment be renewed. Plans have been made for the promulgation of new legislation and compilation of integrated scheme regulations during the past decade and longer. The latest court rulings have significantly speed up this process and good cooperation between National, Provincial and Local Government in the Western Cape has brought us to a point where officials look forward to the adoption and implementation of the new laws and regulations/by-laws.

Insofar as building control is concerned, it was strived to expedite the approval of building plans during the past year and in this regard it was possible to reduce the average building plan approval timeframe from more than 30 days to only 14 days on average. Although the Town Planning and Building Control Divisions have to deal with the slow filling of vacant posts and the recruitment of skilled personnel, it was still able to expedite service delivery. The filling of all posts budgeted for and vacancies in the divisions is a priority at present.

In the field of Building Control the new SANS Codes aimed at energy efficiency also came into effect. The foregoing led to training programmes and adjustments which both the private sector and the municipal sector had to comply with. The Municipality's tariff policy was also further amended to provide for the payment of minimum plan fees as well as reduced application fees for change in land use applications, especially in respect of poverty stricken communities.

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2014	2015	2014	2015	2014	2015
Planning application received	655	702	24	27	1 464	1 418
Determination made in year of receipt	609	666	20	25	1 390	1 388
Determination made in following year	21	5	2	1	55	25
Applications withdrawn	5	20	1	-	8	5
Applications outstanding at year end	20	11	1	1	11	10

Employees: Planning Services					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	6	9	6	3	33%
Total	7	10	7	3	30%

Financial Performance 2015: Planning Services			
Details	2015		
	Original Budget	Actual	Variance to Budget
Building Plans	3 700 000	3 796 332	1,02
Inspection Fees	1 200	0	0
Second Dwellings	200 000	552 305	2,76
Restrictive Conditions	10 000	8 686	0,86
Rezoning, Departures	180 000	199 837	1,11
Subdivisions	30 000	39 117	1,30
Zoning Certificates	15 000	9 234	0,61
Plan Copies	25 000	37 968	1,51
Pavements	5 000	3 261	0,65
Outdoor Advertisements	75 000	114 191	1,52
Total	4 241 200	4 761 132	1,12

Financial Performance 2015: Planning and Development Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4 405	4 268	4 374	4 959	14%
Expenditure:					
Employees	9 484	10 563	9 847	9 845	-7%
Repairs and Maintenance	14	46	34	26	-73%
Other	2 026	2 304	1 968	2 049	-12%
Total Operational Expenditure	11 524	12 913	11 849	11 920	-8%
Net Operational Expenditure	7 119	8 645	7 475	6 961	-24%

Capital Expenditure 2015: Planning Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	402 100	402 100	326 313	-23%
Furniture, Tools and Equipment	100 000	100 000	97 908	-2%
Replacement of Printer and Scanner (TDS450)	250 800	250 800	167 181	-50%
Replacement of Plotter (CS2044)	51 300	51 300	60 996	16%
Revamp the Technical Services	0	0	227	100%

Building Plans Approved July 2013 - June 2015	
Building Plans Approved /Written Off/Completed Buildings	
Plans Approved	1 464
Estimated Cost	603 538 000
Square Meters	108 372

Completed Buildings	
Number Approved	570
Estimated Cost	300 996 900
Square Meters	65 545

Building Plans Approved July 2014 - June 2015	
Building Plans Approved/Write off/Completed Buildings	
Plans Approved	1 418
Estimated Cost	681 329 100
Square Meters	145 575
Completed Buildings	
Number Approved	778
Estimated Cost	340 925 500
Square Meters	73 108

Building Inspections July 2014 - June 2015	
Building Inspections Executed/Notices Issued for Transgressions	
Notices Issued	398
Site	552
Foundation	589
Floor / Damp layer	286
Open Sewerage	427
Progress Inspection	3 451
Roof	14
Final	843
Routine / Follow up	3 695
Total	10 161

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

Strategic Spatial Planning objectives as identified in the IDP were met and will accordingly provide the required guidance for future Spatial Development.

3.10 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The Mossel Bay Municipality's objective with the implementing of local economic development (LED) is to build the economic capability of local areas to improve their economic future and the quality of life for everyone. It incorporates a process by which public, business and non-governmental sector partners work communally in creating better conditions for economic growth and employment creation. This fits in with the slogan

introduced by the PACA Process of *"Together we take responsibility for growing our economy."*

LED focal points are as follows:

- Ensuring that the local investment climate is efficient for local businesses.
- Support to small and medium-sized businesses.
- Attracting external investment.
- Investing in physical infrastructure.
- Investing in soft infrastructure.
- Steering particular parts of the town for regeneration or growth.
- Supporting informal and newly emerging businesses.
- Directing disadvantaged groups.
- Actively participating in the Expanded Public Works Programme (EPWP).
- Engaging with stakeholders in all spheres of Government.

Local Economic Development (LED) Initiatives

The following initiatives were launched by the Municipality for the 2014/2015 financial year:

Initiative	Description
LED/ IDP Steering Committee in collaboration with Public Participation	<p>This is a stakeholder meeting where role players get together and assist the LED department in steering projects and development in Mossel Bay to:</p> <ul style="list-style-type: none">- Facilitate a joint meeting between representatives of business, labour, community and the municipality.- Better relationship and cooperation between community role players involved in local economic development.- Monitor performance LED in line with ward plans and IDP deliverables. <p>The stakeholders attending the meetings were Small Enterprise Development Agency (SEDA); Extended Public Works Programme (EPWP); Enterprise Development; Standard Bank; Department of Trade and Industry (DTI); Small Enterprise Finance Agency (SEFA); Department of Economic Development and Tourism; National Empowerment Fund (NEF); Absa</p>

Initiative	Description
	Bank; the Mossel Bay Business Chamber; Transnet National Ports Authority, Mossel Bay; Eden District Municipality; Eskom Development; Mossel Bay Tourism; South African Revenue Service and PetroSA. Engagements were held on 18 September 2014; 25 November 2014; 12 March 2015 and on 20 May 2015.
Beehives KwaNonqaba	The aim of the Beehives is to put systems in place to promote LED and to work according to a strategy to create a better environment for businesses and job creation via stakeholders. Create the environment for businesses to grow and create jobs. Business development for tenants in the Beehives and branding were done in conjunction with SEDA. Ten businesses are accommodated at the Beehives at present
Beehives Adriaans Drive	Business Development for tenants in the business hives and branding have been placed in conjunction with SEDA. Nine businesses are accommodated at the premises at present.
Beehives D'Almeida	Promoting better business decisions and growth and sound business relationships. Promoting SMME Development in terms of creating jobs. Ten businesses are accommodated at the premises at present.
Market Stalls	Eight businesses accommodated at present.
Arts and Crafts Centre	Business development for tenants in the Arts and Craft Workshop to manufacture and sell their products at the same time. Public selling by the artist. Eight businesses accommodated at present.
Goods Shed Indoor Flea Market	Placement of new tenants in conjunction with the Independent Entrepreneurs Association. Management with assistance of the Independent Entrepreneurial Association.
Research on a Buy-Back Centre in Mossel Bay	The Mossel Bay Municipality Waste Management and

Initiative	Description
	LED Departments are in the process of putting forward a funding proposal with the Women-in-Environment Project to lessen the impact of illegal waste dumping in Mossel Bay. Meeting with DTI and SEDA regarding assistance with funding proposal. Assistance was also requested from other LED Departments at other municipalities that already started with such an initiative. The outcome of such an initiative would be job creation and structuring of a swop shops system. DTI is in the process of assessing the project.
Business Development	Assessment of company operations is ongoing. Monthly visitors registers were completed for businesses requesting assistance. Assistance were given with funding applications, funding proposals and tenant complaints. Regular site visits were done. 78 businesses benefited.
DTI Site Visit	Assessment of company operations is ongoing. Three businesses benefited from this visit.

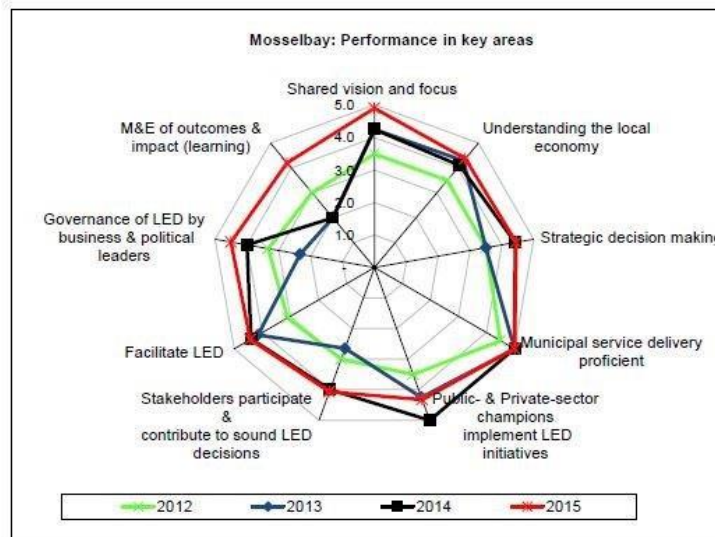
LED Maturity

While the Local Economic Development (LED) strategies and projects of many municipalities claim to endorse economic development, alleviate poverty or create jobs; these goals become word play in the absence of accurate evaluation systems that measure and demonstrate results or outcome. The Department of Economic Development and Tourism introduced a tool to bridge the gap of evaluating municipal LED commitments, processes, strategies and projects.

The 2015 assessment of the Municipality's LED strategies and projects showed continued improvement in almost all areas. It also pointed out area where the Municipality could improve and what should be prioritised in 2015/2016.

Mossel Bay is one of the top five performing municipalities in terms of their LED maturity in the Western Cape and the only Municipality in the Southern Cape ranked at top range. It has been ranked in the top three municipalities for the fourth time in the Western Cape in the maturity assessment process.

The following tables and diagram below illustrate the growth in LED from 2012 until 2015 with the next maturity assessment. The following recommendations were made by the Department in terms of the LED assessment tool as below:



Expanded Public Works Programme (EPWP)

The Mossel Bay Municipality EPWP Programme (linked with the National EPWP Programme) creates work opportunities in three sectors, namely, Infrastructure, Environment and Culture and Social, through:

- Increasing the labour intensity of infrastructure projects.
- Creating work opportunities in public environment and culture programmes.
- Creating work opportunities in public social programmes.

Expanded Public Works Programme (EPWP) Registered Projects

Job Creation through Expanded Public Works Programme (EPWP) Projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2012/2013	23	530
2013/2014	19	687
2014/2015	14	465

The following projects were completed during the 2014/2015 budget year and generated 465 work opportunities:

NR	Project Name	Project Description	Total Beneficiaries	Status	Ward
1	Street Cleaning	Cleaning of all the streets in the	265	Completed	All wards

NR	Project Name	Project Description	Total Beneficiaries	Status	Ward
		Greater Mossel Bay			
2	Beach Cleaning	Cleaning of coastline	15	Completed	5 - 11
3	Installation of New Kerbs	Laying of new kerbs in Joe Slovo Village	13	Completed	12
4	Roads and Stormwater Systems for Middle Income Erven in KwaNonqaba	Construction of roads and stormwater systems	18	Completed	13
5	Upgrading of Streets and Stormwater Systems in Herbertsdale	Upgrading of streets and stormwater systems	24	Completed	7
6	Upgrading of Gravel Roads and Stormwater System at Friemersheim	Upgrading of gravel roads and stormwater systems	10	Completed	14
7	Amy Searle Canal	Reno lining of canal	21	Completed	14
8	Construction of Sidewalks in Mossel Bay	Construction of sidewalks	47	Completed	2,3,8,9,11,13
9	Installation of New Kerbs	Laying of kerbs in KwaNonqaba (Nyibiba and Lingeletu Streets)	11	Completed	2
10	Upgrading of Stormwater System: Eureka Park	Stormwater pump station	6	Completed	4
11	Upgrading of Water Network	Upgrading of water network between Lambda and Zeta Streets	10	Completed	8
12	Construction of new water pipeline in Glentana	Construction of new water pipeline	8	Completed	5
13	Early Childhood Development Assistants	Seven (7) Early Childhood Development	5	Completed	1,2,3

NR	Project Name	Project Description	Total Beneficiaries	Status	Ward
		Assistants			
14	Adriaans Drive /Scholtz Scholtz Street New Taxi Ranks	Ablution block and roof structure	12		11

Rural Development Programme

Ten rural communities, namely Vleesbaai, Friemersheim, Buisplaas, Great Brak River (Greenhaven), Ruiterbos, Brandwag, Sonskynvallei, Herbertsdale, Toekoms and Jonkersberg, are benefiting from the social facilitation, upliftment, infrastructure and economic development phases which form the cornerstone of the Municipality's rural development programme. The programme aims to enable rural communities to take control of their own development, with support from the Mossel Bay Municipality and other government departments thereby enabling them to deal effectively with poverty through the use and management of natural resources.

The rural development model is to organise these communities into legal structures that will be able to network and link with others and to operate according to business systems.

RURAL DEVELOPMENT	
Highlights	Description
Household Food Gardens	<p>The programme entailed the alleviation of rural poverty through food security through the establishment of household food gardens in the following rural nodes:</p> <ul style="list-style-type: none"> • Herbertsdale • Jonkersberg • Vleesbaai <p>A total of 36 household food gardens has been established.</p>
Soup Kitchen Project	<p>The Soup Kitchen Project was aimed at disadvantaged sick and elderly people and was run by volunteers from their homes on a monthly basis. Beneficiaries received bread and soup twice a week. Soup Kitchens were implemented in the following areas with 150 beneficiaries in total:</p> <ul style="list-style-type: none"> • Brandwag. • Vleesbaai. • Jonkersberg.
Community Council of Stakeholders (COS)	<p>Nine out of 12 COS's or rural communities successfully registered under the Non-Profit Organisation Act 1997, with registration certificates. Three COS's have successfully launched the opening of their offices.</p>

RURAL DEVELOPMENT	
Highlights	Description
Vleesbaai Sport Festival	This annual event for community interaction and fund raising for the Council of Stakeholders took place on 25 October 2014. Social integration between Vleesbaai, Kleinberg and Bartelsfontein was created.
Vleesbaai Annual Christmas Service	The annual year-end function of the Voëlvlei Werkersvereniging on 14 December 2014 aimed to get the community and stakeholders together. This was also a fundraising opportunity for the Council of Stakeholders.
Jonkersberg Community Assistance	The Jonkersberg community was without electricity from April 2014 due to a dispute between Eskom and the land owner. Several interventions with different stakeholders were co-ordinated. Wonderbags and bio-stoves were given to the 23 households as a short-term intervention. The electricity was reconnected on 14 October 2014.
COS Training	Training in computer usage, leadership and conflict management, communications and meeting procedures were rolled out for the COS executive. The aim was develop their skills in order to improve the functioning of the COS's.
National Institute for Crime Prevention and the Reintegration of Offenders (NICRO) Training	Life skills training was conducted for youth in conflict with the law at the Department of Correctional Services with specific reference to the inmates from rural communities.
Intergovernmental Steering Committee (ICS) Meeting	The ISC serves as strategic platform where government, private sector and the local communities engage on a two monthly basis.
Substance Abuse	<p>Awareness campaigns took place with the aim to educate communities about the dangers of substances abuse. Programmes was rolled out in:</p> <ul style="list-style-type: none"> • Vleesbaai. • Great Brak River. • Toekoms. • Jonkersberg. • Kleinberg. <p>The Rural Development Office collaborated with the Youth Office on a successful drug awareness program to Grade 7 learners in Herbertsdale. In March and June 2015 the Rural Development Office in conjunction with Alcohol and Drug Concerns had an awareness campaign in the greater Mossel Bay area to address the impact of drugs and alcohol and gangsterism.</p>
Mandela Day	Mandela Day was celebrated on 18 July 2014. The community joined forces with the South African Police Services, the Community Police

RURAL DEVELOPMENT	
Highlights	Description
	Forum, Community Development Workers and a local band to remove litter from the streets of Wolwedans. Trees were also donated to plant at the Multi-Purpose Centre.
Friemersheim Christmas Party for the Elderly	The function was held on 6 December 2014.
Vleesbaai Year-End Function	A church service was held on 14 December 2014 and was followed by an Entrepreneur's Day to raise funds for the COS.
School Placement Project	A visit was conducted at high schools in the Mossel Bay area to identify learners who passed matric, but are not financially capable to register at tertiary institution to. In most cases only one parent works or both parents are unemployed. This information was forwarded to Mr Tom Willems (Team Manager) at DOE for placement of these learners.
Friemersheim Fragrance Fair	The Friemersheim COS in conjunction with the Rural Development Office organised the fair in Friemersheim over the weekend of 28 February 2015. Several products, such as olives, honey and meat that are produced in the area, was on sale at the successful fair. The Rural Development Office was represented on the organising committee.
Herbertsdale: "Van-Niks-Tot-Iets " Community Project	The Municipality supported the Herbertsdale COS with the "From Nothing To Something" community project. Members of the community are being trained and on 5 June 2015 the group had a Recycling Fashion Show with the assistance of the Rural Development Office.

SMALL, MEDIUM AND MICRO ENTERPRISE (SMME)

SMMEs are being prioritised as a catalyst towards achieving economic growth and development. With the assistance of all Government Departments and Institutions, SMME's can equip themselves better to be more sustainable. It is for that reason that various initiatives have been implemented with the aim of alleviating challenges faced by SMME's as well as accelerating their development.

The Municipality creates opportunities for SMME Development through the following interventions:

- Availing business space/premises at reduced rates.
- Training and development of SMME'S.
- Business exhibitions and marketing.

The following activities were undertaken by the unit in the 2014/2015 financial year:

Activity	Description
Business Support Centre	<p>A total of 314 clients visited the Municipality's SMME development office.</p> <p>The following key activities took place:</p> <ul style="list-style-type: none">- Business registrations.- Consultations.- Offering tender advice.- Referrals to relevant government departments for further assistance.
Company Registrations and Compliance	<ul style="list-style-type: none">- Lodged 101 company registrations electronically on the CIPC website.- Electronic submission of annual returns on the CIPC website.- Assisted with CIDB registrations. <p>All clients get referred to Garden Route Business Consultants and Dias Consulting for BBBEE certificates.</p>
Business Awareness Workshops	<p>Business Awareness Workshops were conducted in collaboration with the Small Enterprise Development Agency (SEDA) in Mossel Bay and Herbertsdale for entrepreneurs who are interested in registering their own businesses. The workshops were held on 15 July 2014, 22 July 2014, 9 September 2014 and 27 October 2014 (Herbertsdale). Approximately 43 participants attended these workshops.</p>

Capacity Building	<p><u>Business Plan Training (18 - 21 August 2014)</u></p> <p>The training was conducted in Mossel Bay from 18 August 2014 to 21 August 2014 in conjunction with the Small Enterprise Development Agency (SEDA). SEDA appointed a Service Provider to conduct the training. Eleven participants attended.</p> <p><u>Human Resources Training (16 – 17 September 2014)</u></p> <p>This training was done in Mossel Bay in conjunction with SEDA which appointed a service provider to conduct the training. There were eight participants.</p> <p><u>Computer Training (10-13 November 2014)</u></p> <p>This training was done in conjunction with the Municipality's Youth Office and SEDA. It took place at the Mossel Bay Thusong Service Centre. SEDA appointed a service provider to conduct the training. Nine persons participated.</p> <p><u>Standard Bank Workshop (5 November 2014)</u></p> <p>The workshop was facilitated by Standard Bank, and took place at the Indoor Sports Centre. It was attended by 11 newly registered business owners.</p> <p><u>Basic Business Skills</u></p> <p>Training sessions were held in Great Brak River (9 to 10 February 2015); Mossel Bay (11-12 February 2015, 16-17 February 2015) and Friemersheim (3-4 March 2015)</p> <p>The training was conducted in conjunction with SEDA, which appointed a service provider to conduct the training. It was attended by 63 persons in total.</p> <p><u>Business Plan Training (18 – 19 February 2014)</u></p> <p>This training was also presented by a service provider appointed by SEDA and was attended by nine persons.</p> <p>This training was held in conjunction with the Small Enterprise Development Agency (SEDA), which took place in Mossel Bay. SEDA appointed a Service Provider to conduct the training.</p>
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	The training was attended by 10 participants.
Entrepreneurs Week	Twelve participants benefitted from this programme which was conducted from 21 to 24 October 2014. It was organised in conjunction with SEDA and the Department of Economic Development and Tourism. Attendees received tender training as well as a financial management training for beginners.
Thusong Mobile Outreaches	The outreaches took place in Great Brak River on 9 October 2014 and in D'Almeida on 13 March 2015. The Municipality's SMME Development Office formed part of this initiative to bring services closer to the community. Consultations were done with 14 clients and information on the services of the SMME Development Office was distributed. Company registration forms were distributed and awareness was also raised about the various training opportunities that the SMME Development Office offers.
Entrepreneurs Conference and Exhibitions	<p>The event took place on 17 April 2015. Information sessions were held by Absa Bank, Department of Trade and Industry (DTI), Small Enterprise Finance Agency (SEFA), Standard Bank and the South African Bureau of Standards (SABS) to inform the participants of their services as well as products for SMME's.</p> <p>The following did exhibitions at the event:</p> <ul style="list-style-type: none"> - Standard Bank. - Absa Bank. - Small Enterprise Finance Agency (SEFA). - Small Enterprise Development Agency (SEDA). - South African Bureau of Standards. - Productivity SA. - Tsiba Education. - Department of Trade and Industry (DTI). - South African Revenue Service (SARS). - Mossel Bay Tourism. <p>Networking between upcoming enterprises, established businesses and private and governmental stakeholders was facilitated to help SMME's to apply and access financial and non-financial resources.</p> <p>A total of 56 entrepreneurs and 16 private/Government service providers attended the event.</p>

Employees: Local Economic Development Services					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
10 - 12	5	5	5	0	0%
13 - 15	1	1	0	1	100%
Total	7	7	6	1	14%

Financial Performance 2015: Local Economic Development Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 539	950	1 113	1 042	9%
Expenditure:					
Employees	3 758	3 654	3 463	3 411	-7%
Repairs and Maintenance	21	24	48	35	34%
Other	6 555	5 827	5 723	6 158	5%
Total Operational Expenditure	10 334	9 504	9 233	9 604	1%
Net Operational Expenditure	8 795	8 554	8 120	8 562	0%

Capital Expenditure 2015: Economic Development Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	175 772	330 190	323 749	46%
Sound System at Indoor Sports Centre	18 000	13 800	13 800	-30%
Purchase of New Vehicle for LED, Youth and HIV/Elderly Sections	130 000	122 400	125 703	-3%
Furniture, Tools and Equipment: LED	1 500	1 125	1 012	-48%
Furniture, Tools and Equipment: Thusong Centre	17 500	24 093	31 919	45%
Furniture, Tools and Equipment: Community Development Workers	8 772	8 772	8 477	-3%
Purchase of a Wheelchair	0	20 000	19 500	100%
Purchase New Vehicle: Ward Committees and Public Participation)	0	140 000	123 337	100%

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The following challenges remain in relation to Local Economic Development:

- A low activity rate and high failure rate in the SMME sector poses a great challenge to Government to reach out to the community and develop entrepreneurs.
- The development of entrepreneurial skills and the support of small businesses have therefore become the focus of the Mossel Bay Municipality through its economic development policies and programmes.

TOURISM DEVELOPMENT AND MARKETING

Mossel Bay Tourism, a Section 21 company and an independent local tourism operator, performed the tourism marketing function for the Municipality in the 2014/2015 financial year.

The legislative mandate of the Municipality is to promote, develop and administer tourism. The Municipality allocated an amount of R2 090 153 million in 2014/2015 for this purpose to Mossel Bay Tourism. Alderman Emil Scheepers, Councillor Petru Terblanche and the Municipal Manager, Dr Michele Gratz, serve on the Mossel Bay Tourism Board as nominated directors. The Municipality's Director of Corporate Services is invited to all board meetings.

Mossel Bay Tourism performs this function through a wide range of marketing techniques such as the production of brochures, informational CD's, the internet and participating in local as well as international exhibitions and tourism workshops.

The Municipality performs the tourism development function in-house and projects carried are either under the co-ordination of the Municipality or with the logistical and/or financial support of the Municipality. These projects included the Mossel Bay Sports Festival in September 2014 and the Diaz Festival in January/February 2015.

The Municipality is also responsible for various tourism functions, namely tourism administration, marketing, tourism awareness and development. The Directorate Corporate Services is responsible for the administration of festivals, targeted training, the Goods Shed Flea market, the Craft Arts Workshop, Tourism Beehives and supports the Point of Human Origins, a project to present tours to the Pinnacle Point archaeological site as well as lectures on the archaeological discoveries. This project drew many tourists throughout the year.

The Pinnacle Point archaeological site is a candidate site for a serial application by Heritage Western Cape for World Heritage Site status together with other important archaeological sites along the South African Coast. The Municipality is planning an interpretation centre for the Pinnacle Point discoveries and foresees that it will be a major boost for tourism to Mossel Bay and the local economy.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The community and social services that the Mossel Bay Municipality provides, are managed by the Directorates of Community Services and Corporate Services respectively.

The Directorate of Community Services is responsible for library services, which are provided throughout the Mossel Bay municipal district as an unfunded mandate of the Western Cape Provincial Government. The Directorate is also responsible for community halls owned by the Municipality and rented out to the public for a variety of uses. It is also responsible for municipal cemeteries. There are no crematoriums in the Mossel Bay municipal district.

The Directorate Corporate Services, through its Socio-Economic Services Sub-Directorate, is responsible for initiating and co-ordinating social programmes aimed at HIV/AIDS, the youth, gender issues and the aged.

3.11 LIBRARIES

INTRODUCTION TO LIBRARIES

The main function of libraries in the Mossel Bay Municipal area is to provide in the information needs of the different communities in Mossel Bay. There are nine libraries and four mobile library units in Mossel Bay.

The libraries use different ways to provide information to the people in Mossel Bay. The students and school children go to the library to get information from books, newspapers, magazines, pamphlets and Internet.

The four top service delivery priorities of the libraries in the 2014/2015 financial year were:

- Mzansi Libraries Online Project.
- Information Communication Technology (ICT) Project.
- Library exhibitions.
- Educational support through outreach programmes to crèches, old age homes and schools as well as user education/guidance and library orientation.

The D'Almeida Library has been selected for participation in the Global Libraries Pilot Project.

The Global Libraries Programme has benefited more than thirty countries in transforming and upgrading library services at international level. In South Africa, the programme which is funded by the Bill & Melinda Gates Foundation has been approved as a two-year pilot project hosted by the National Library of South Africa.

The project involves three selected public libraries in each of the nine provinces in South Africa, and it started running from January to December 2015. It focuses on strengthening local communities through the provision of access to information, technologies, and relevant training.

Together with strong Government support, through the Conditional Grants aimed at redressing the inequalities of the past in terms of the provision of library and information services in historically disadvantaged areas, the pilot project will strengthen and consolidate public libraries as true community development partners.

The project will serve as a strong advocacy initiative, which will solicit strong Government support for the recognition of the essential role of libraries in developing an informed nation in South Africa.

It is intended to also contribute in enhancing the quality of life in local communities by focusing on specific activities, such as e-governance, health information, job and labour-related issues. This includes education and recreational services which will assist in addressing national imperatives related to education, youth unemployment, community development and scarce skills amongst library practitioners at local level.

This project will enable the pilot libraries to redefine their services based on free internet access to information; introduction and incorporation of new technologies in existing and new services, redesigned spaces and technology infrastructure; and training and development of users and staff based on identified needs.

The pilot project is funded to the total amount of R27 million. Each library will receive equipment estimated at R470 000 in value. The equipment will include a variation of the following lists determined in order of priority and based on the needs identified by the respective library and/or provincial library authority:

Twenty computers (if so required and/or determined by needs analysis); two printers; a document scanner; software; 10 tablets; 10 e-Readers and gaming room set up (including 3 computers, 3 X-Box console kits, 2 Play Stations and Gaming headsets).

The target for library displays at all the libraries was 168 displays per year. The actual figures of displays was 180. The target for outreach programmes to crèches, old age homes and schools was 48. A total of 356 outreaches took place. Library personnel put in a great effort to reach out to schools and crèches to create a love for books.

The purpose of the ICT project is to provide free internet access to the public. The project forms part of the Provincial Library Services Conditional Grants. This project has increased from three libraries to eight libraries in this financial year and will be implemented at the Ellen van Rensburg (Great Brak River) and Hartenbos libraries in the 2015/2016 financial year.

The following libraries provide free Internet services:

- Brandwag.
- D'Almeida.
- Friemersheim.
- Greenhaven.
- KwaNonqaba.
- Ruiterbos Primary School.
- Mossel Bay.
- Sonskynvallei.

Libraries also provide story books, magazines, CD's and DVD's for relaxation. Library staff encourage children to read through story-hours, displays, puppet shows and holiday programmes.

SERVICE STATISTICS FOR LIBRARIES

Circulation of Library Items		
	2013/14	2015/16
Brandwag	10 991	17 382
Buisplaas	3 490	3 228
D'Almeida	27 022	24 682
Ellen van Rensburg	136 217	133 805
Friemersheim	7 286	7 242
Greenhaven	12 141	10 836
Hartenbos	115 996	107 224
Herbertsdale	11 647	12 431
KwaNonqaba	11 481	43 865
Denneprag Primary School	4 402	4 477

Circulation of Library Items		
	2013/14	2015/16
Ruiterbos Primary School	-	657
Mossel Bay	154 692	141 198
Sonskynvallei	2 650	6 102
Toekoms	1 373	1 488
TOTAAL	499 388	514 617

There was a 3% increase in the circulation of library material this year.

Library Membership		
	2013/14	2015/16
Brandwag	453	313
Buisplaas	64	61
D'Almeida	2 906	3 064
Ellen van Rensburg	2 112	2 306
Friemersheim	702	723
Greenhaven	962	1046
Hartenbos	4 720	4 987
Herbertsdale	421	434
KwaNonqaba	2 862	3 825
Mossel Bay	9 380	9 913

Library Membership		
	2013/14	2015/16
Denneprag Primary School	163	165
Ruiterbos Primary School	-	50
Sonskynvallei	95	133
Toekoms	76	76
Total	24 916	27 096

There was a 9% increase in the membership of the libraries of the Mossel Bay Municipality

Financial Performance 2015: Libraries					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11 137	4 702	5 005	6 745	30%
Expenditure:					
Employees	8 442	9 385	10 210	9 809	4%
Repairs and Maintenance	417	683	596	571	-20%
Other	3 550	3 450	3 194	5 282	35%
Total Operational Expenditure	12 409	13 518	14 000	15 662	14%
Net Operational Expenditure	1 272	8 815	8 995	8 917	1%

Employees: Libraries					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	8	8	0	0%
4 - 6	29	29	29	0	0%
7 - 9	6	6	6	0	0%
10 - 12	0	1	1	0	0%
13 - 15	1	1	0	1	100%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	44	45	44	1	0%

COMMENT ON THE PERFORMANCE OF LIBRARIES

The new KwaNonqaba library at the Thusong Centre showed a tremendous increase in circulation from the first month of its opening up to end of financial year. It is still used well and a great advantage for the community. Furniture and equipment were bought for various libraries. The D'Almeida and Greenhaven libraries installed detection systems to reduce the loss of library books. The Provincial Library Service financed the detection systems as well as the various ICT Projects at all the libraries.

3.12 CEMETERIES

INTRODUCTION TO CEMETERIES

The cemetery section forms part of the responsibilities of the Parks Department of the Municipality. This includes the management and maintenance of all municipal cemeteries.

The number of graves needed stabilised over the last number of years and even declined a bit in the last year. The maintenance of the cemeteries is becoming more difficult because of an increase in vandalism at the cemeteries. The Municipality also provides burial sites for pauper and indigent burials as stipulated in its by-laws.

SERVICE STATISTICS FOR CEMETERIES

The operational budget for cemeteries was R717 686 (salaries included) and the total income was R305 830 in the 2014/2015 financial year. A total number 368 burial sites was allocated in the year under review. This included one for a pauper burial and 190 for indigent burials. There are also niche walls in some of the cemeteries and in total nine double niches and five single niches were sold.

Employees: Cemeteries					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	0	0%
4 - 6	1	1	1	0	0%
7 - 9					
10 - 12	1	1	1	0	0%
13 - 15					
16 - 18					
19 - 20					
Total	5	5	5		

Financial Performance 2015: Cemeteries					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	333	308	306	296	-4%
Expenditure:					
Employees	393	435	436	414	-5%
Repairs and Maintenance	46	52	23	7	-654%
Other	398	420	447	381	-10%
Total Operational Expenditure	836	907	906	802	-13%
Net Operational Expenditure	504	599	600	506	-18%

Capital Expenditure 2015: Cemeteries				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	170 000	222 700	221 031	23%
Establishment of new cemetery-Pinnacle Point	120 000	163 000	161 387	26%
Niche Walls - Midbrak Cemeteries	50 000	59 700	59 644	16%

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

Due to the increase of vandalism it is becoming more difficult to maintain the cemetery fences and infrastructure. All other maintenance is done to a satisfactory level and some of the maintenance work is done by private contractors.

Many of the existing cemeteries are reaching their full capacity. The process was started to establish a new cemetery. All necessary environmental processes have been followed and once all approvals have been received, the work to prepare burial plots will commence.

3.13 SOCIAL PROGRAMMES

INTRODUCTION TO SOCIAL PROGRAMMES

The Socio-Economic Department creates an environment for socio-economic development through the support and strengthening of programmes and projects for vulnerable groups.

COMMUNITY DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
Early Childhood Development Centres	<p>Bi-monthly meetings with 50 principals of Early Childhood Centres to discuss issues pertaining to Early Childhood Development Centres :</p> <p>In May 2015 the Expanded Public Works Programme enabled the Municipality to appoint 5 Early Childhood Assistants at 6 centres.</p> <p>Ongoing assistance to the Department of Social Development with the registrations of 10 Early Childhood Centres.</p> <p>Regular meetings took place in collaboration with the Department of Social Development to address operational issues at facilities.</p> <p>Donations were received from the public and distributed to Early Childhood Centres.</p> <p>The Fire and Rescue Services Department presented a one day basic fire training course with ten representatives from the Early Childhood Centres.</p> <p>A total of 24 Early Childhood Centres entered the Dias Festival Art Competition of 2015. Three centres participated in the street parade.</p>
Soup Kitchen Project	<p>The Soup Kitchen Project was aimed at disadvantaged sick and elderly people and was run by volunteers from their homes on a monthly basis. Beneficiaries received bread and soup twice a week. Approximately 900 people benefited from the project. Twenty soup kitchens.</p>
Phelophepha Health Train	<p>The Phelophepha Health Care Train visited Mossel Bay in August/September 2014 and focused on the following medical services:</p> <ul style="list-style-type: none"> • Basic Health Education. • Eye Health. • Dental Health. • Psychological Health.

COMMUNITY DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
	The train rendered medical services to ±2 600 patients.
Clothing Bank	Clothing was donated by the public and was then distributed to beneficiaries based on the needs identified by other departments, Non-Governmental organisations and individuals.
Food Gardens	The Municipality, the Department of Agriculture and the Community Development Workers supported 38 household food gardens and 4 communal food gardens with 352 beneficiaries.
Safety Programme	<p>The Safety Programme took place in November 2014 at six primary schools and 1 650 learners were reached.</p> <p>The programme took place in conjunction with the:</p> <ul style="list-style-type: none"> • Department of Social Development. • Department of Education. • Department of Justice. • ACVV Mossel Bay. • Heart-2-Heart. • Fire and Rescue Services. • Traffic Department.
Child Protection Awareness Programme	<p>The Child Protection Programme took place from 25 May 2015 to 3 June 2015. The following departments and organisations were involved and the programme was aimed at the learners at Early Childhood Development Centres and community members:</p> <ul style="list-style-type: none"> • ACVV Mossel Bay. • Department of Social Development. • Fire and Rescue Services. • Traffic Department. • South African Police Services. <p>The programme took place at 21 Early Childhood Centres.</p>
Bands and Brigades	<p>Bi-annual meetings are held with representatives of the 6 bands and brigades.</p> <p>Awareness programmes were done with band members with the focus on Tik Abuse.</p>

COMMUNITY DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
Substance Awareness Programmes	<p>Substance Awareness Programmes took place with the focus on Tik Abuse in the following areas:</p> <ul style="list-style-type: none"> • D'Almeida. • Extension 13. <p>A total of 59 young people benefited from the programme.</p>
Human Rights Day	<p>Human Rights Day took place on the 20th of March 2015 at The Haven. The programme focused on a quality life and what your responsibilities are to acquire a quality of life. The programme was attended by 43 people.</p>
Empowerment of Women in Rural Areas	<p>Bi-monthly sessions took place with women of rural areas where topics identified by women are discussed:</p> <ul style="list-style-type: none"> • Buisplaas • Jonkersberg • Friemersheim • Ruiterbos <p>In total of 39 women benefited from this programme.</p>
Holiday Programme	<p>A holiday programme was done in collaboration with the D'Almeida Library and other role-players in June 2015 and was attended by 500 children.</p>
Grant-in-Aid Donations	<p>The following organisations received the Grant-in-Aid donations with a total value of R203 973.48 to utilise for carrying out projects specific to their field of expertise:</p> <ul style="list-style-type: none"> - Heart-to-Heart. - Piet Julies Action Group. - @Peace Care Centre. - Association for People with Disabilities. - Genesis Community Projects. - ACVV Kenani. - Mossel Bay Care Centre.
External Bursaries	<p>The following students received bursaries from the Municipality in 2014/2015:</p> <p>Thobani Zazini, South Cape College, R 5 000.</p> <p>Zikhona Matshoba, College of Cape Town, R5 000.</p> <p>Busisiwe Matshoba, False Bay College, R5 000.</p> <p>Desmond Raymond van der Merwe NWU, R5 000.</p>

YOUTH DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
Life Skills Programme	<p>A life skills programmes was presented in August 2014 by the Youth Office in collaboration with the Department of Labour, South Cape College, Thusong Centre and SEDA, the SMME Office of the Municipality and the National Youth Development Agency (NYDA) to capacitate unemployed youth. The focus was on work-readiness; entrepreneurship; social ills and career opportunities. Thirty young people benefited from the programme.</p> <p>In November 2014 and February 2015 a life skills programme was presented by the Department of Labour, SEDA and Standard Bank. Seventy-nine young people benefitted from this programme. The focus was on CV-writing, job hunting skills, conflict management and business awareness. Social ills and bank management was also addressed.</p>
Mosselbay Junior Town Council	<p>The Junior Town Council was elected and consists of 25 representatives from six high schools within the Mossel Bay area. They meet on a monthly basis to discuss needs pertaining to schools. The Junior Town Council participates in various activities like a Speech Making Competition, Capacity Building Workshops and the Grade 7 Camp. They also adopted two Early Childhood Centres in Brandwag and Ruiterbos and donated stationery and toys to the facilities. A soup drive took place at The Haven Night Shelter and 50 people were fed.</p>
Dress A Matriculant	<p>This project was aimed at assisting disadvantaged learners from five high schools with their matric farewell arrangements. The identified group of 39 learners were provided with dresses, suits, shoes, accessories, hair, nails, make-up and transport. This project took place from July to August 2014.</p>
Learner Drivers License Project	<p>This project was done in collaboration with the Department of Community Safety and Eden District Municipality. A total of 53 applicants benefited from this project.</p>
Youth and Journalism Project	<p>This project took place in September 2014 and 22 aspirant journalists were given the opportunity to experience the career of a journalist. The session was facilitated by the journalists of the Home Ads, Eden Express and the Mossel Bay Advertiser.</p>
Social Ills and Bank Services Workshop	<p>The Mossel Bay Municipality and Standard Bank embarked on a workshop in September 2014 that aimed at managing money responsibly. The 30 young people who benefited also discussed the impact of social ills on their lives and how they could make positive choices.</p>
Beach Programme	<p>A beach programme aimed at sport and youth development and social ills took during the December 2014 holidays. During the programme teams competed in beach soccer (29 teams), beach cricket (21 teams)</p>

COMMUNITY DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
	and touchies (20 teams) and 420 young people benefited.
PAY Project	The Youth Office assisted 15 youths with applications for the Premier's Advancement of Youth (PAY) project in January 2015.
Career Exhibition	The exhibition took place on the 27 th of February 2015. The main objective of the exhibition was to assist the Grade 11 and Grade 12 learners of the 5 high schools that attended with career guidance and 1206 learners benefited.
Inter-Denominational Youth Church Service	An inter-denominational youth church service in collaboration with Chosen Servants was held in November 2014 and June 2015. These services were respectively attended by 750 and 300 youth.
Holiday Programme	A Holiday Programme took place in Ruitersbos in October 2014 and sports were played that was followed by a talk on substance abuse and teenage pregnancies and the programme was concluded by a beauty pageant. 35 young people benefited from this programme.
Mossel Bay's Got Talent	The Mossel Bay's Got Talent Show aims to discover and develop local performing talent and to assist them through development and exposure. Eight auditions were held in various venues and 136 contestants took part in the auditions. A total 81 of contestants took part in the semi-finals on 6 June 2014. A total of 54 participants reached the finals that was held at the Town Hall on 16 June 2015. 18 Winners were announced in three categories. Approximately 2215 members of the public attended the auditions, semi-finals and final show hosted.
Youth Information Session	A youth information session took place in May 2015. It was facilitated by NYDA, SEDA and the Department of Labour. Twenty-two young people benefited from the session, which focused on opportunities available to young people at the various departments.
Grade 7 Camp	The Grade 7 Camp took place in October 2014 and was attended by 87 learners. This camp was facilitated by Mossel Bay Municipality and LoveLife, Piet Julies Aids Action Group, ACVV and Heart-to-Heart. The aim of the camp was to create awareness around topics such as substance abuse, teenage pregnancies, HIV/AIDS and bullying.
Outreaches	<p>An outreach was done together with South Cape College to communities of Kwanonqaba and Joe Slovo to market the study opportunities at South Cape College. 100 young people benefitted from this programme.</p> <p>The Clever Dick Programme was an outreach programme done in collaboration with the Department of Health to market circumcision. 90</p>

COMMUNITY DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
	young males was circumcised during this outreach.
HIV/AIDS	
HIGHLIGHTS	DESCRIPTION
Awareness Programmes	<p><u>Media Conference</u></p> <p>An awareness programme, which included a media conference with Eden Express and the Mossel Bay Advertiser, took place on 26 August 2015 and focused on the introduction of the Mossel Bay Local Aids Council Forum and basic information on services available in Mossel Bay.</p> <p><u>Door-2-Door Campaign:</u></p> <p>An outreach programme in collaboration with the Department of Health with the focus on immunisation, pap smears and family planning took place from 24 to 28 November 2014. Other health services offered were HIV/AIDS-testing, hypertension and diabetic screening and health education. During this door-to-door campaign the people were also motivated to do circumcisions. The door-to-door teams also completed questionnaires that focused on social and physical aspects.</p> <p>The door-to-door campaigns were done in Barcelona, Elangeni, Sewende Laan and Asla Park. A total of 602 adults and 419 children were reached with the campaign. A total of 422 questionnaires was completed. A total of 159 tests was done and 1 400 male condoms and 1 000 female condoms were distributed.</p> <p><u>Wellness Programme</u></p> <p>The purpose of this event from 20-21 November 2014 was to demonstrate the Municipality's commitment to community wellness. The aim was also to raise awareness on the benefits of physical and emotional wellbeing. The theme was the "Survival of the Fittest" and other public and private health service providers were involved to contribute.</p> <p>A total of 194 people benefited and 159 tests were done. At this programme 1 940 male-and 194 female condoms were distributed. A total of 194 packets of books and pamphlets were distributed.</p> <p><u>World Aids Day</u></p> <p>The Department of Health, in conjunction with the Health Systems Trust, the Mossel Bay Municipality and Mossel Bay Correctional Services, the Piet Julies AIDS Action Group, Heart-to-Heart and the Society for the Prevention of Cruelty to Animals (SPCA), hosted an</p>

COMMUNITY DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
	<p>HIV/AIDS Awareness campaign on 1 December 2014 to coincide with World AIDS Day.</p> <p>This initiative promoted and encouraged a healthy lifestyle which included the screening for diseases such as HIV, Tuberculosis, Sexually Transmitted Infections as well as chronic diseases such as Hypertension and Diabetes. Medical male circumcisions were also available.</p> <p>Altogether 500 male and 500 female condoms were distributed and a total of 159 tests were done. A total of 580 participants visited the different exhibitions. Thirty-eight stakeholders attended the AIDS Candlelight Pledge and Lunch. Sixty-eight motorists were stopped and searched by the Traffic Department and a total of 700 pamphlets were distributed.</p>
Education	<p>Education took place in October 2014 and November 2014 to identify and develop trial participants as peer educators and empower them with the necessary skills required to significantly contribute towards community education, HIV/STI awareness, and trial participant recruitment and retention. Three males and 22 females benefited.</p>
Christmas Party for OVC's and Vulnerable Children	<p>The Langeberg Mall sponsored a Christmas party on 12 December 2014. Gift packs were distributed to 35 children from the Piet Julies AIDS Action Group, The Haven and children at risk.</p>
Recycle Swop Shop	<p>The Recycle Swop Shop is an empowerment initiative for disadvantaged children and/or communities. This project gave the community of KwaNonqaba and Greenhaven the opportunity to help themselves by collecting recyclable items. Bags of recyclable items could be exchanged at the Swop Shop for essential personal and household items, as well as school supplies. The program started in Kwanonqaba during December 2014. A total of 1 608 kg waste were collected through the programme. Nestle, Afrofish and Langeberg Mall sponsored products on a monthly basis to the two swop shops.</p>
Sexual Reproductive Health	<p>In March and April 2015 the Mossel Bay Local Aids Council reached out to the communities of KwaNonqaba, Joe Slovo and Sonskynvallei. The aim was to educate them on HIV/Aids, Tuberculosis, Women's Health, Fetal Alcohol Syndrome and the correct method to use condoms. The aim of this initiative is to educate and raise awareness and 238 people were reached. A total of 6000 male and 500 female condoms were distributed at the Buffalo Rally.</p> <p>The Municipality's Youth Office and the Department of Health hosted an outreach at the Mossel Bay's Got Talent Show from April to May 2015. The focus was on safe sex and the correct method to use a</p>

COMMUNITY DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
	condom. A total of 216 female and 590 male condoms and 285 pamphlets were distributed.
Wellness Programmes	<p>A Wellness Roadshow took place in April 2015 in collaboration with the Employee Assistance Practitioner of the Municipality and the Piet Julies AIDS Action Group. The correct method to use a condom and benefits of using a condom were explained. The topics of HIV/AIDS, TB and STI's were also addressed. 256 workers were reached.</p> <p>The Municipal Wellness Event took place in May 2015 and an information table focussed on the AIDS Candle Light Memorial, Sexual Reproductive Health and Healthy Living as well as understanding of the use of male and female condoms. A total of 04 employees attended. Altogether 154 employees received education on sexual reproductive health and 200 pamphlets, 400 female and 1300 male condoms were distributed.</p>
GENDER	
HIGHLIGHTS	DESCRIPTION
Recycle Swap Shop	The recycle Swap Shop is an ongoing empowerment initiative for disadvantaged children and/or communities that started in April 2014. The Swap Shop had the commitment of Langeberg Mall to assist with stock for the swap shops since it started July 2014.
Local Economic Development	The B'Avumile project took place in December 2014 and aimed to recruit women who possess special talents as well as expertise and skills in embroidery, netting, sewing and beading. Eleven women and 2 males from the disabled group benefited from this project.
Awareness	<p><u>Accesibility Roadblock : 6 August 2014</u></p> <p>The aim was to empower the motorists of Mossel Bay on access to basic services at the Thusong Centre, Socio-Economic Department and libraries. A total of 136 motorists were stopped and searched and one fine was issued. A total of 126 Thusong pamphlets, 100 library bags and 135 gender referral booklets were distributed.</p> <p><u>National Womans Day : 8 August 2014</u></p> <p>This event celebrated all the stakeholders who worked together on the Gender Score Card, which focused on the mainstreaming of gender</p>

COMMUNITY DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
	<p>issues. A hundred females attended this event.</p> <p><u>International Men's Day : 19 November 2014</u></p> <p>International Men's Day focused on improving gender relations, promoting gender equality, producing responsible males and highlighting positive male role models. Issues such as parenting, positive male role models, families and healthy life choices for men were also addressed. Two-hundred men attended.</p>
Education	<p><u>Entrepreneurship Training : August 2014 and February 2015</u></p> <p>The training focused on empowering gender-based violence survivors by capacitating them with entrepreneurship skills to increase their independence so that they can participate fully in all aspects of their personal and public lives. Twenty women benefited from this training.</p> <p><u>Tourism Buddy Learnership Programme : 22 August 2014</u></p> <p>This learnership gave five women the opportunity to work in the tourism industry. They received formal and practical training and a stipend of R2 200-00 per month.</p> <p><u>Thusong Library Programme : September to November 2014</u></p> <p>A library programme was done at the Thusong Library and various topics were addressed. A total of 183 children participated. Topics addressed were the impact of drugs, the body and healthy eating habits and healthy exercises. HIV/AIDS, sexual abuse and hygiene were also addressed.</p> <p><u>Ward-Based Training: 8 November 2014</u></p> <p>Representatives of Ward Committees were educated on safety, gender, disability and elderly matters, HIV/AIDS, TB and social services. Twenty-five Ward Committee members were trained.</p> <p><u>Accessability Roadblock : 5 December 2014</u></p> <p>The aim was to empower the motorists of Mossel Bay on access to basic services at the Thusong Centre, the Socio-Economic Department of the Municipality and on basic safety at beaches. A total of 109 vehicles was stopped and searched, while 100 awareness pamphlets; 100 magazines with flyers on safety, health and services; 100 female condoms; 1 000</p>

COMMUNITY DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
	<p>male condoms; 200 gender booklets; 200 pencils and lollypops; 300 key holders (AIDS), 100 key holders (Disability) and 200 key holders (16 Days of Activism) were distributed.</p> <p><u>Entrepreneurship Training : 9-10 March 2015</u></p> <p>The linkages between entrepreneurs and the local business sector were the main focus. Thirteen females and 10 external stakeholders attended.</p>
Review of the Gender, Disability and Youth Framework	An interactive session with the Provincial and National Offices on the revision of the Policy took place in February 2015. There were 20 participants.
Gender Links Pre-Summit Mobilisation	In May 2015 assistance was rendered to Faith-Based Organisations, Non-Governmental Organisations and Government Departments with their entries for the Gender Links Summit. The categories that were covered were climate change; the Post 2015 agenda; gender leadership; sexual reproductive health; economic development and HIV/AIDS. Sixteen participants were assisted.
DISABILITY	
HIGHLIGHTS	DESCRIPTION
Awareness	<p><u>Bread Tag Project</u></p> <p>The project aims to collect 350,5 kg bread tags to qualify for a wheel chair worth R1 485. The public of Mossel Bay Municipality were involved and donated bread tags on a regular basis. A total of 180,10 kg was collected.</p>
Calender Day Awareness	<p><u>Casual Day : 5 September 2014</u></p> <p>Persons with abled bodies had the opportunity to integrate with persons with a disability on the Basketball field and 40 people participated.</p> <p><i>Slipper Day : 1 August 2014</i></p> <p>This was a fundraising opportunity for the Reach for a Dream Programme. A total of 120 people participated.</p> <p><i>Madiba Day Program : 18 July 2014</i></p> <p>Thirteen programs were rolled-out and 450 people participated.</p>

COMMUNITY DEVELOPMENT	
HIGHLIGHTS	DESCRIPTION
Education	In September 2014 an educational programme took place to inform learners of the Leolan Academy about the work of a fire fighter. Thirty learners benefited.
Sport Development	<p><u>Basketball, Botcha and Athletics Practices : September, October 2014 and March, April 2015</u></p> <p>Assistance was rendered with the logistics for sports development at the KwaNonqaba Indoor Centre. It took place on a weekly basis and 84 people participated.</p> <p><u>Athletics for Children with Special Needs : 2 October 2014</u></p> <p>The first ever athletics meeting for the children of the four institutions for children with special needs, namely Caro, Siyanithanda, Leolan and Smartibox was held on 2 October 2014. A total of 105 learners participated.</p>
Local Economic Development and Education	<p><u>Develop and Discover: 26 September 2014</u></p> <p><u>31 October 2014</u></p> <p>Capacity building sessions were held with all vulnerable groups, but specifically persons with disabilities. They had the opportunity to display their talents and products to the market. Four schools and seven groups participated.</p> <p><u>Corporate Gifts</u></p> <p>The protective workshop at Kenani focused on the manufacturing of corporate gifts. The Mossel Bay Municipality and the Department of Health made use of these services. Twenty-six people participated and 25 000 keyrings were made.</p>
Disability Ramp Project	The Mayoral Relief Fund enabled the building of six ramps at houses of disabled people in the KwaNonqaba area.
Wheelchair Program	Thirteen wheelchairs were purchased in March 2015 to facilitate access to municipal buildings.
Soup Kitchen for People with Disabilities	A soup kitchen to 25 persons 4 times a week to assist vulnerable groups.

DISABILITY	
HIGHLIGHTS	DESCRIPTION
Awareness	<p><u>Bread Tag Project</u></p> <p>The project aims to collect 350,5 kg bread tags to qualify for a wheel chair worth R1 485-00. The public of Mossel Bay Municipality were involved and donated bread tags on a regular basis and 180,10 kg were collected.</p>
Calender Day Awareness	<p><u>Casual Day : 5 September 2014</u></p> <p>Persons with abled bodies had the opportunity to integrate with persons with a disability on the basketball court. Forty people participated.</p> <p>Slipper Day : 1 August 2014</p> <p>This was a fundraising opportunity for the Reach for a Dream Programme. A total of 120 people participated.</p> <p><u>Madiba Day Program : 18 July 2014</u></p> <p>Thirteen programs involving Council, management and personnel were rolled-out. A total of 450 people participated.</p>
Education	<p>In September 2014 an educational programme to inform learners of Leolan Academy about the work of a fire fighter took place, Thirty learners benefited.</p>
Sports Development	<p><u>Basketball, Botcha and Athletics Practices : September, October 2014 and March, April 2015</u></p> <p>Logistics assistance was provided on a weekly basis for sport development for disabled people at the KwaNonqaba Indoor Centre. The sports involved were basketball, botcha and athletics. Eight-four people participated.</p> <p><u>Athletics for Children with Special Needs : 2 October 2014</u></p> <p>The first ever athletic opportunity was created for the children of four schools for children with special needs, namely Caro, Siyanithanda, Leolan and Smartibox. A total of 105 learners participated.</p>
Local Economic Development and Education	<p><u>Develop and Discover: 26 September 2014</u></p> <p>Capacity building sessions were held for all vulnerable groups but specifically persons with disabilities to give them opportunity to display their talents and products to the market. Four schools and seven groups participated.</p> <p><u>Corporate Gifts</u></p>

DISABILITY	
HIGHLIGHTS	DESCRIPTION
	The protective workshop at Kenani focused on the manufacturing of corporate gifts. The Mossel Bay Municipality and the Department of Health made use of these services. Twenty-six people participated and 25 000 keyrings were made.
Ramp Project :	Six ramps were built at houses of people with disabilities in KwaNonqaba. This was financed from the Mayoral Relief Fund.
Wheelchair Programme	Thirteen wheelchairs were purchased in March 2015 to facilitate access by disabled people to municipal buildings.
Soup Kitchen for People with Disabilities	A soup kitchen which fed 25 disabled persons four times a week was supported to assist vulnerable groups.

ELDERLY	
HIGHLIGHTS	DESCRIPTION
Awareness	In September 2014 a programme was carried out at all libraries and cashier points to create awareness of elderly abuse. A total of 1 200 people was reached.
Education	In September 2014 the objectives of the Older Persons Act were discussed with 80 Ward Committee members to broaden their knowledge on the subject.
Capacity Building of Elderly Clubs	Training was given in October 2014 to all elderly groups on the Older Persons Act. This included Herbertsdale, Buisplaas, Ruitersbos and Brandwag. A total of 200 persons attended.
Active Ageing – Sport	<p><u>Elderly Indoor Games : 1 October 2014</u></p> <p>The Kenani Indoor Games officially became part of the annual Mossel Bay Sports Festival with 237 participants.</p> <p><u>Hartenbos Indoor Games : 25 July 2014</u></p> <p>The Hartenbos Indoor Games were supported and 160 people participated.</p>
16 Days of Activism Awareness	A Christmas lunch, a program against violence and the celebration of International Day for Persons with Disabilities took place at the Kenani Service on 5 December 2014. There were 172 participants .

ELDERLY	
HIGHLIGHTS	DESCRIPTION
Elderly Forum Activities	<p>The Elderly Forum met quarterly to discuss the needs within the different service centres. Eighteen facilities were represented.</p> <p><u>Mayoral Tea : 4 March 2015</u></p> <p>The Forum took responsibility to arrange the Mayoral Tea for 400 people.</p> <p><u>Kenani Valentines Valentines: 13 February 2015</u></p> <p>A Mr and Mrs. Valentine were chosen on this occasion and 120 people participated.</p>
Fire and Rescue Training	<p>In April 2015 training was provided to elderly persons on different aspects of fire and rescue activities. Twenty-five 25 people participated. In June 2015 training for fire marshals for Old Aged Homes took place. Sixteen old age homes participated.</p>
Golden Games	<p><u>Golden Games Mossel Bay - 7 May 2015</u></p> <p>Active Ageing for older persons, involving athletics and games, took place. A total of 124 older persons participated.</p> <p><u>Golden Games Eden Region – 26 May 2015</u></p> <p>Active Ageing for older persons, involving athletics and games, took place. A total of 250 older persons participated.</p>

FORUMS

Employees of the Sub-Directorate Socio-Economic Development serve on various forums aimed at addressing the prevailing socio-economic issues within the communities which the Municipality serves. The Forums are:

- Local Disability Forum.
- Elderly Forum.
- Child Care Forum.
- Mossel Bay Local AIDS Council.
- Junior Town Council.
- Early Childhood Development Forum.
- Mossel Bay Development Forum.
- Internal Extended Public Works Programme Forum.
- War-on-Poverty Forum.

- Community of Stakeholders Forum.
- Intergovernmental Steering Committee.

THUSONG SERVICES CENTRE

The Mossel Bay Thusong Service Centre officially opened its doors for service delivery to the local and surrounding communities on 11 October 2013. The centre provides a hub of activities and a variety of services, organised according to the specific needs of the local community. The Thusong Service Centre accommodates the following departments or entities for which lease agreements are in place.

- Department of Home Affairs.
- South African Social Security Agency (SASSA).
- Department of Social Development.
- Department of Agriculture.
- Cape Access Library Business Answers.
- Department of Arts and Culture “Library Services.”
- Piet Julies HIV and AIDS Action Group.
- Heart-to-Heart Care Centre.
- Eden FM Local Community Radio Station.

Ad Hoc Service Providers

These are the services that visit the Mossel Bay area according to a schedule as arranged by the Thusong Service Centre Manager. Some of these Government Departments use Community Halls and others use the Thusong Centre itself, depending on the community need.

- South African Revenue Services (SARS).
- Child Welfare Department.
- Military Veterans.
- Labour Department.

The following services were rendered and accessed for the 2014/15 financial year.

STATISTICAL DATA OF SERVICES RENDERED AND ACCESSED

Service Provider	Entity Type Public / Private / Civil Society	Description of Services Rendered	Total beneficiaries for 2013/14	Total beneficiaries for 2014/2015
South African Social Security Agency (SASSA).	Public	<ul style="list-style-type: none"> - New social grant applications. - Review of social grant applications. 	10 382	10 689
Department of Home Affairs (DHA).	Public	<ul style="list-style-type: none"> - Tourists. - Re-registration of Identity Documents. - New applications for Identity Documents. - Identity Documents Issued. - Application temporary certificates. - Death registration. - Marital status confirmation. - Abridged death certificates. - Abridged marriage certificates. - Abridged birth certificates. - Birth registration. 	6 837	25060
Department of Social Development (DSD)	Public	<ul style="list-style-type: none"> - Disaster Relief: Issuing of food parcels, social intervention, foster care, 	487	900
Department of Agriculture	Public	<ul style="list-style-type: none"> - Home gardens, farm visits, applications 	4 988	11 800
Piet Julies HIV/AIDS Organisation	Civil Society NGO	<ul style="list-style-type: none"> - HIV/AIDS testing, educational awareness, circumcision. 	236	129
Heart to Heart HIV/AIDS Organisation	Civil Society NGO	<ul style="list-style-type: none"> - Pregnancy testing and counselling 	1 480	2170
Library services		<ul style="list-style-type: none"> - Books circulated - Membership - Outreach Activities - School projects 	868	2103
Cape Access e-Centre	Public	<ul style="list-style-type: none"> - Access to internet for job opportunities, research for tasks, learner tasks and CV compiling 	234	707
South African Revenue Service	Public	<ul style="list-style-type: none"> - Walk-ins: General tax inquiries, tax clearance 	<i>Total beneficiaries for</i>	<i>Total beneficiaries for</i>

(SARS)		certificates	2013/14	2014/2015
Total number of clients served:			25 512	53558
Please note: The Thusong Library deals more with the circulation of books				
Thusong Library	Public	Books circulated, Membership, Outreach Activities, School projects	n/a	67 932

Analysis of Statistics:

Thusong Centre has increased its clients by 28 046 for the 2014/2015 financial year. This excludes the library statistics and other programmes the Centre which are executed by other departments.

THUSONG CENTRE STAKEHOLDER ENGAGEMENT FORUM

Thusong Service Centre stakeholder forum is functional and meets according to its operational plan. The meetings held for the 2014/2015 financial year are as follows.

DATES	ATTENDANCE	STAKEHOLDERS
21 Augustus 2014	32	Representatives / Office Managers from, SASSA, Home Affairs, Social Development, Agriculture, Thusong Library, Cape Access, Piet Julies, Heart-to-Heart, Ward Committee Representatives, Community Development Workers, SEDA, SAPS, Social Economic Development Department, Nedbank, Standard Bank. TRANSET, Human Settlement.
2 October 2014	12	
20 November 2014	17	
29 January 2015	22	
26 March 2015	25	
27 May 2015	21	

THUSONG OUTREACH PROGRAMME / MOBILES

Thusong Mobiles are tabled at the stakeholders' operational planning meeting and are implemented by the Thusong Service Centre Manager. These mobiles focus on reaching out to the rural-based clients for them to access Government Services. The Thusong Service Centre Stakeholders together with the Thusong Centre Manager decide on dates and which

areas to visit. The Thusong Manager ensures that the clients/communities are aware of such services and markets the visit over the local radio stations, newspaper, design pamphlets and posters in the language suitable for that particular community.

The Thusong Service Centre has implemented seven (7) outreach programmes at various areas and the assessment is done prior the programme with the assistance of Community Development Workers.

AREA	DATE	CLIENTS SERVED
Herbertsdale	26 June 2014.	147
Vleesbaai	30 September 2014.	40
Great Brak River	09 October 2014.	152
D'Almeida	13 March 2015.	111
Sonskynvallei	07 April 2015.	52
Denneprag	10 April 2015.	30
Herbertsdale	17 June 2015.	33
TOTAL		532

Participating Stakeholders		Total Officials taking services
Department of Agriculture; Library Business Answers Cape Access; South African Social Security Agency (SASSA); Department of Home Affairs; Mossel Bay Municipality: Local Economic Development Unit; Supply Chain Management Unit; Small Enterprise Development Agency (SEDA); Department of Health; Piet Julies HIV /AIDS Action Group; Department of Social Development; Community Development Workers; Eden District Municipality Environmental Health and Waste Management Unit; South African Revenue Services (SARS); South African Police Service (SAPS).		50
Project Objective	To take essential Government services to communities residing in remote	

	rural areas
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COMMUNITY DEVELOPMENT PROGRAMMES / TRAINING

Learner Licence Project

The Municipality under the Thusong Programme and in collaboration with the Municipality's Department of Community Safety implemented a programme from 3 June to 6 June 2014 where 136 learners were recruited. Eighty of the learners were invited for the training and 69 completed the training. Thirty-eight successfully passed the test. A total number of 23 learners wrote the test, of which five passed and obtained their learner licenses and five were absent.

The Community Safety Department committed itself to payments of R68 for booking fees for each learner, learner license fee (R33) after passing the test and transporting of learners to and from the Traffic Department for booking and writing of the test and payment of photos. The Municipality committed itself to the marketing of the programme and administration. The total amount used for the Learner License Programme is R4 684.

Closed Circuit Television Camera (CCTV) Installation Training

The Thusong Service Centre together with Abasebenzi Promotion and Marketing hosted a CCTV, IP Surveillance and Alarm System Installation Training during the week of 22–26 June 2015. The training was done by Citel Academy Training. The training course was offered for free and the purpose was to empower the community with the knowledge and skills on how to do CCTV camera installation. The training was held at the KwaNonqaba Community Hall. There were two training sessions held daily. The Thusong Centre was responsible for the marketing and recruitment of candidates. A total of 426 community members attended the training.

3.14 COMMUNITY HALLS

INTRODUCTION TO COMMUNITY HALLS

The Municipality has seventeen community halls situated throughout the greater Mossel Bay area. The halls are rented out to the communities for different functions and events. The

Municipality's tariff policy makes provision for subsidised tariffs for certain organisations as well as certain community halls or events.

The Town Hall also been used for the annual Arthur Johnson Sport School from 1 April 2015 to 6 April 2015, when 600 children have had their daily meals in the Town Hall. The Town Hall is also used during the Dias festival for functions as well as for all kinds of music festivals

Employees: Community Halls					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	7	7	1	0%
4 - 6	2	2	2	0	0%
TOTAL	9	9	9	1	0%

COMMENT ON THE PERFORMANCE OF COMMUNITY HALLS

The three biggest capital expenditure items relating to the community halls in 2014/2105 was for the upgrading of the Mossel Bay Town Hall at a cost of R165 000, purchase of wooden tables for some of the halls at a cost of R95 000 and crockery at a cost of R53 000. The Asla Park Multipurpose Centre was upgraded at a cost of R195 000. These projects were carried out in response to the needs expressed by the communities concerned through the Municipality's IDP process.

The halls are used extensively by the community and an average booking percentage of 70% was achieved in the year under review. The four biggest halls are the Town Hall, with a capacity of 685 people. The D'Almeida Community Hall can accommodate 400 people while the capacity of the KwaNonqaba and Greenhaven Community Halls is both 300. The Municipality also rents out tables and chairs to the community for private functions. There are two of the community halls which have crockery which can be hired for any function. All the halls of the Municipality are also suitable for conferences, shows, weddings, etcetera.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.15 AIR QUALITY CONTROL

The Mossel Bay Air Quality Management Plan (AQMP) has been developed and approved by Council. The plan has also been aligned with the Municipality's Integrated Development Plan as a sectoral plan. Fines have been determined by the public prosecutor for infringements of the Air Quality Management By-law, which is enforced by the Municipality when necessary.

Awareness and education programmes have been rolled out to schools and the community at large. Eden Clean Fires campaign in the informal settlements of KwaNonqaba, Joe Slovo Village and Asla Park where people make use of wood for heating and cooking purposes. Diesel vehicle emission testing was also done on the main roads of Mossel Bay and information pamphlets were distributed. The emissions inventory is updated as per the Municipality's AQMP objectives.

Compliance inspections are done and notices are issued to industry to adhere and comply with the Air Quality Management By-law and the National Environmental Management: Air Quality Act. Regular compliance and enforcement "blitz" operations were conducted at licensed facilities and other industries with officials from various organs of state such as the Environmental Management Inspectors (EMI's).

The Department of Environmental Affairs and Development Planning (DEADP) continuous monitoring station is situated in Dana Bay and measures Volatile Organic Compounds (VOC's), carbon dioxide (CO₂) and hydrogen sulphide (H₂S). PetroSA does passive sampling at the Gas-to-Liquids refinery and in Voorbaai measures NO₂, SO₂ and benzene. The results are provided to the Municipality and are discussed at the PetroSA quarterly meetings. The Municipality supports the Eden District Municipality passive sampling programme at the Woodline creosote plant in Great Brak River and at Reebok Bricks. There were no exceedances during the 2014/2015 year. The National Ambient air quality standards have thus been met.

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

Provision has been made in the 2014/2015 budget for an opacity/smoke meter to test diesel vehicle emissions. The instrument has been obtained. An amount of R70 000 was included for air quality in the municipal budget for the 2014/15 financial year. The operational budget includes votes for operational expenditure pertaining to Air Quality Management.

The Municipality won the Western Cape Greenest Municipality Competition for the second successive year in 2014 and also obtained the first place in the air quality management category. The Municipality was also a finalist in the SABC3 Enviropaedia Ecologic Awards for municipalities.

The lack of sufficient funding for the implementation of the air quality management plan as well as a lack of capacity in terms of human resources remain a challenges. Only one official is responsible for air quality management at present. A full time official is needed for the function.

3.16 BIO-DIVERSITY AND LANDSCAPE

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Mossel Bay is on the Garden Route, which contains three Biodiversity Hotspots. Biodiversity hotspots are defined as areas with high concentrations of different plant and animal species whose survival is threatened by unwise human activities.

Mossel Bay lies within two of South Africa's internationally acclaimed biodiversity hotspots, namely, the Cape Floristic Region (CFR) and the Succulent Karoo. This area contains about 9 000 plant species, of which over 6 000 are endemic to the region, meaning they are not found anywhere else in the world. It also has high animal diversity, including both vertebrates and invertebrates (animals with backbones and those without) and is especially rich in lizard, amphibian and insect species.

Furthermore, the CFR is a priority area for freshwater fish endemic to the region, and also for birds endemic to South Africa. The United National Education, Scientific and Cultural Organisation (UNESCO) on 9 June 2015 approved the designation of the Gouritz Cluster ecosystems as a Biosphere Reserve.

The key focus areas for this past year have been:

Biodiversity and Coastal Management

Projects completed include the preparation of a management plan for the Diosma Reserve at Pinnacle Point; obtaining a Council resolution that secures the expansion of the Diosma Reserve; initiating the process of getting the Diosma Reserve declared as a contract reserve; the preparation of a Sediment Supply and Budget report and the continuation of our alien vegetation clearing as well as an urban beautification project within the municipal area.

Estuary Management

Projects completed include the preparation of a situation assessment report for the Hartenbos River, which is the first step towards the compilation of an Estuary Management Plan for the river; obtaining environmental authorisation for the removal of obstacles from the Little Brak River estuary and the removal of derelict infrastructure from the Great Brak River; obtaining a resolution from Council which allows the Municipality to engage with Public Works about the registration of a public servitude with the Little Brak River estuary so that it can be rehabilitated.

Blue Flag and Environmental Education

The Municipality successfully ran four Blue Flag beaches during the December 2014/January 2015 Blue Flag season. Environmental education programmes were conducted on these beaches by local conservation organisations with the focus being on water safety, water quality and marine life.

Employees: Bio-Diversity; Landscape and Other					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	41	43	41	2	5%
4 - 6	25	25	25	0	0%
7 - 9	10	10	10	0	0%
10 - 12	3	3	3	0	0%
Total	79	81	79	2	2%

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY AND LANDSCAPE

A number of beautifications projects were undertaken and all were completed successfully. A total number of 360 trees were planted. This was part of the greening initiative of the Municipality. In certain public open spaces play parks were established with proper playing equipment. This initiative was not very successful due to the amount of vandalism to the playing equipment and in some places the equipment had to be removed.

COMPONENT F: HEALTH

Local municipalities no longer provide health services such as clinics and ambulance services, health inspection services and abattoirs.

COMPONENT G: SECURITY AND SAFETY

3.17 COMMUNITY SAFETY

INTRODUCTION TO COMMUNITY SAFETY

The Sub-Directorate Community Safety within the Community Services Directorate has the responsibility to enhance the safety of the community by means of enforcement and education of relevant legislation and by-laws. The National Road Traffic Act, No 93 of 1996, the Criminal Procedure Act, No 51 of 1977 and the Municipality's by-laws strengthen the ability of the local authority to meet its obligation contained in the Constitution of South Africa.

In addition the Sub-Directorate delivers and maintains a service to the community by regulating the issue of learner's and driving licenses and the responsibility for the registration and licensing of motor vehicles.

The Law Enforcement Section, consisting of traffic and by-law officials, concentrates on traffic law enforcement, policing of municipal by-laws and crime prevention. Regular joint operations were conducted between this section, South African Police Services and Provincial Traffic. The focus was to clamp down on all offences which might be a threat to life and property.

Educating the youth and protecting the children is a very important function of this section and educational programmes, such as the Child-in-Traffic and Danny Cat project, were conducted at various pre-primary and primary schools within the greater Mossel Bay area. Road safety programmes were also undertaken during the December holiday period in conjunction with the Municipality's Welfare and Youth programmes. A total of 17 point duty officials are employed at different urban and rural locations in the municipal area to ensure pedestrian safety for school children.

Due to communities realising their right to services and becoming aware of by-laws of the Municipality to enable a disciplined and orderly community environment, the By-Law Enforcement section faces the challenge to comply in the demand of rendering an equal and quality service to all residents of Mossel Bay.

Regular visible enforcement patrols were conducted in relation to by-law infringements in order to ensure compliance and especially mentioning threats to public health caused by nuisances as well as the unregulated keeping of animals, dangers posed by stray animals,

monitoring and prevention of illegal squatters and the removal of vagrants on public property.

Traffic Law Enforcement Unit Service Data				
	Details	2014	2015	
		Actual No.	Estimate No.	Actual No.
1	Road traffic accidents during the year	334		268
2	Driver fitness test and vehicle fitness	30 426	31 000	24 564
3	Warrants of arrest served	957	1 100	886
4	Driver arrests	49	55	49
5	Section 56 summonses issued	8 986		7 203
6	Section 341 notices issued (speed cameras)	29 393		72 987
7	Complaints attended to	8 702		6 478
8	Vehicles impounded	40		40
9	Special functions attended to	145	100	370
10	Integrated law enforcement actions	88	90	61
11	Road safety education actions	55	60	100
12	Police officers in the field on an average day	7	10	8
13	Number of officers on duty on an average day	7	10	8

By- Law Enforcement Unit Service Data				
	Details	2014	2015	
		Actual No.	Estimate No.	Actual No.
1	Law enforcement officers in the field on an average day	8	10	8
2	Law enforcement officer on duty on an average day	8	10	8
3	Shack control patrol hours	993	-	2 513
4	Illegal structures demolished	106	-	107
5	Number of section 341 and written warnings issued (parking violations and by-laws)	3 061	-	2 666

6	Visibility policing hours foot patrols	2 099	-	1 318
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Employees : Traffic Officers					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Chief Traffic Officer & Deputy's	4	6	6	0	0
Other Traffic Officers	18	48	16	32	66
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	18	48	16	32	66
10 - 12	3	5	5	0	0
13 - 15	1	1	1	0	0
Total	22	54	22	32	59

Employees: By-Law Enforcement Officers					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Supervisor	0	3	0	3	100
Other By-Law Officers	8	33	11	22	66
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	8	33	11	22	66
10 - 12	0	3	0	3	100
Total	8	36	11	25	69

Employees : Drivers Licence Testing Centre (DLTC)					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Superintendent	1	1	1	0	0
Other DLTC Personnel	5	9	5	4	44
0 - 3	0	0	0	0	0
4 - 6	3	3	3		0
7 - 9	2	6	2	4	66
10 - 12	1	1	1		0
Total	6	10	6	4	60

Employees: Motor Vehicle Registration					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Supervisor	1	1	1	0	0
Personnel	5	7	5	2	28
0 - 3	0	0	0	0	0
4 - 6	4	5	4	1	20
7 - 9	1	2	1	1	50
10 - 12	1	1	1	0	0
Total	6	8	6	2	25

Employees: Administration					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Assistant Chief : Administration	1	1	1	0	0
Other Admin personnel	6	7	6	1	14
0 - 3	2	2	2	0	0
4 - 6	4	4	4	0	0
7 - 9	1	1	0	1	100
10 - 12	1	1	1	0	0
Total	7	8	7	1	13

Total Income from Fines					
	Details	2015			
		Quantity	Amount (R)	Quantity Paid	Amount (R)
1	Section 56 Notices	6 393	4 840 910	1 251	567 700
2	Section 341 Notices	2 830	1 119 580	267	74 100
3	Camera Section 341 Notices	55 035	20 802 300	11 693	3 743 445
	TOTAL	64 258	26 762 790	13 211	4 385 245

Income from Divers Licence Testing Centre			
	Details	2014 (R)	2015 (R)
		Actual No.	Actual No.

Income from Divers Licence Testing Centre			
	Details	2014 (R)	2015 (R)
		Actual No.	Actual No.
1	Motor Cycles	21 600	19 170
2	Light Motor Vehicles	132 300	122 175
3	Heavy Motor Vehicles	395 800	246 400
4	Card Applications	1 046 780	1 015 420
5	Temporary Drivers Licences	103 050	100 845
6	Professional Drivers Permits	101 360	98 160
7	Learner Licences Applications	250 308	242 692
8	Learner Licences Issued	67 353	64 779
9	Duplicate Learner Licences	24 620	4 752
	TOTAL	2 143 171	1 914 393

Income from Motor Vehicle Registration			
	Details	2014 (R)	2015 (R)
		Actual No.	Actual No.
1	Registrations	1 202 381	1 547 890
2	Temporary Permits	34 518	62 712
3	Special Permits	8 388	7 854
4	Duplicates	160 851	174 744
5	12% Agency Fee	2 308 982	2 678 902
6	Registration Numbers	22 410	25 909
	TOTAL	3 737 530	4 498 011

Financial Performance 2015: Community Safety					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	22 572	23 483	31 484	29 837	21%
Expenditure:					
Police Officers					
Other employees	13 049	15 752	14 576	14 559	-8%
Repairs and Maintenance	142	325	356	262	-24%
Other	18 382	18 604	29 014	22 550	17%
Total Operational Expenditure	31 572	34 681	43 946	37 370	7%
Net Operational Expenditure	9 001	11 198	12 462	7 533	-49%

Capital Expenditure 2015: Community Safety				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	377 000	540 889	504 930	25%

Capital Expenditure 2015: Community Safety				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Purchase of Trailer	35 000	21 930	21 930	-60%
Speed Bumps at Geelhout Avenue: Friemersheim	25 000	20 270	20 270	-23%
Furniture, Tools and Equipment	30 000	37 000	36 906	19%
Purchased of Leased Vehicles: CBS 42209	38 000	40 347	40 347	6%
Purchased of Leased Vehicles: CBS 42207	40 000	42 237	42 237	5%
Purchased of Leased Vehicles: CBS 42211	38 000	39 015	39 015	3%
Replacement of Vehicle: CBS 10144	0	159 000	123 337	100%
Speed Bumps at Steenbras Street, Extension 26	0	10 000	10 000	100%
Speed Bumps at Eland Street, Extension 9	0	10 000	10 000	100%
Furniture, Tools and Equipment (Law Enforcement)	50 000	49 985	49 783	0%
Expandable Barriers	30 000	23 880	23 880	-26%
Alcohol Meters	25 000	21 925	21 925	-14%
Plastic Road Barriers	30 000	26 135	26 135	-15%
Bulk Filing Cabinets	16 000	16 311	16 311	2%
Two-Way Communication Radios	20 000	22 854	22 854	12%

COMMENT ON THE PERFORMANCE OF COMMUNITY SAFETY DIRECTORATE OVERALL

The Sub-Directorate concentrated on traffic law enforcement, policing of municipal by-laws, monitoring and prevention of illegal squatting together with educational programmes to promote pedestrian safety amongst children within the community.

The By-Law Enforcement Section was challenged with increasing complaints, which seems to be on the increase as the public became aware of Municipal by-laws that can assist with dealing with concerns and of the fact that the Municipality is serious in their approach to ensure a safe and secure environment for the community.

Officials of this Sub-Directorate showed dedication in rendering the best service possible and resolving issues of concern in the ongoing process of establishing a safe and secure environment to all citizens of the Greater Mossel Bay area.

A continued strong work ethic and commitment to excellence in this sub-directorate will ensure achieving the goals set for promoting a safe and secure environment within the greater Mossel Bay area. This Sub-Directorate will enhance safety and security through contributing towards reducing opportunities for crime and inappropriate behavior, requiring

the Sub-Directorate to be responsive to the needs and concerns of the community by means of education, visible policing, proactive actions and law enforcement.

3.18 FIRE

INTRODUCTION TO FIRE SERVICES

The Fire Services Department is responsible for the following functions:

- Fire-fighting of structural fires, veld and bush fires and any other fire.
- Fire safety (the application of the National Building Regulations, fire codes and municipal by-laws with regard to fire safety).
- Rescue services.
- Support services to municipal and other instances.
- Fire pre-planning and related preparedness plans.
- Testing and basic maintenance work on emergency vehicles and equipment.
- Communications facilities for the municipal service.
- Prevention, mitigation, preparedness, response, recovery and rehabilitation of incidents.

	Details	2012/2013	2013/2014	2014/2015
		Actual No.	Actual No.	Actual No.
1	Total fires attended in the year	364	323	515
2	Total of other incidents attended in the year	440	330	363
3	Average turnout time within 15 minutes - urban (%)	95	98	98
4	Average turnout time within 15 minutes - rural (%)	95	95	95
5	Firefighters in post at year end	27	27	27
6	Total fire appliances at year end	11	12	12
7	Average number of appliances off the road during year	1	0	0

Fire Services Manpower								
Job Level	2014				2015			
Fire Fighters	Posts	Employees	Vacancies (fulltime equivalent s)	Vacancies (as a % of total posts)	Posts	Employees	Vacancies (fulltime equivalent s)	Vacancies (as a % of total posts)

Administrators	No.	No.	No.	%	No.	No.	No.	%
Chief Fire Officer	1	1	0	0	1	1	0	0
Other Fire Officers	5	5	0	0	5	5	0	0
Firefighters	27	27	0	0	27	27	0	0
TOTAL	33	33	0	0	33	33	0	0
Reservist Firefighters	10	10	0	0	10	10	0	0
Volunteers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL MANPOWER	43	43	0	0	43	43	0	0

Financial Performance 2015: Fire Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	74	143	131	166	13%
Expenditure:					
Fire fighters					
Other employees	10 605	11 194	11 284	10 988	-2%
Repairs and Maintenance	322	326	510	442	26%
Other	1 807	1 976	1 990	1 994	1%
Total Operational Expenditure	12 733	13 496	13 784	13 424	-1%
Net Operational Expenditure	12 660	13 352	13 653	13 258	-1%

Capital Expenditure 2015: Fire Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	855 000	879 117	869 070	2%
Firefighting Equipment and Hazmat Equipment	100 000	100 000	96 140	-4%
Furniture, Tools and Equipment	20 000	19 994	19 994	0%
Portable Radios	60 000	54 045	54 045	-11%
Vehicle Radios	30 000	30 000	29 307	-2%
Handheld GPS	45 000	39 110	39 110	-15%
Security Surveillance Camera System	30 000	20 661	20 661	-45%
Replacement of Vehicles: CBS 5161	340 000	313 974	313 974	-8%
Replacement of Vehicles: CBS 7599	230 000	254 739	254 739	10%

Capital Expenditure 2015: Fire Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Data Voice Logger x1	0	36 594	32 100	100%
Industrial Vacuum Cleaners x2	0	10 000	9 000	100%

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL

The Sub-Directorate focused mainly on strategies to deal with prevention, mitigation, preparedness, response, recovery and rehabilitation of incidents as a pro-active measure.

Informal dwelling fires are still a great concern to the Sub-Directorate because of the loss of property and lives to the community. Large-scale interventions were launched to educate community members on fire safety practices, which ultimately enhance the risk of the outbreak or occurrences of fires. The interventions included pre-school and school visits as well as information sessions at shebeens after hours. These types of interventions are ongoing to ensure that the community become more and more fire wise to enable them to be pro-active within their own communities.

The Fire Service achieved all its Key Performance Indicators as set out in the SDBIP with many excellent results.

The following were the major capital expenditure items of the Service in 2014/2015:

1. Replacement of two vehicles : R570 000
2. Fire Fighting Equipment and Hazmat Equipment : R100 000
3. Portable Radios : R60 000
4. Handheld GPS : R45 000

3.19 DISASTER MANAGEMENT

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

The Disaster Management function falls within the Sub-Directorate Fire Services, which is responsible for prevention, mitigation, preparedness, response, recovery and rehabilitation of incidents as a pro-active measures relating to disaster incidents.

Disaster Incidents

Over the past financial year there were no major disasters declared within the municipal area. In most instances flooding was averted by pro-active measures, which were put in place by municipal departments. These actions include the following initiatives:

- Pro-active cleaning and clearing of stormwater channels and systems.
- Eradication of invasive vegetation which hamper the natural flow of water.
- Installation and construction of stormwater systems.
- Emergency preparatory channel construction at estuaries.
- Continuous updating of Flood Contingency Plans.
- Installing alternate speed bump systems that allow water to flow through the speed bump.

Planning for Disasters

The Disaster Management Plan of the Municipality was updated in the 2014/2015 financial year and was accepted by Council before being forwarded to the Eden District Municipality as well as the Provincial Disaster Management Centre. The Disaster Management Plan was included in the IDP of the Municipality.

Of major concern to the Municipality was the announcement from Eskom to implement load shedding. As a pro-active measure the Municipal Manager, Directors and Heads of Departments formed a Load Shedding Committee to plan for the intended load shedding. From this committee a Load Shedding Contingency Plan was drafted, which was submitted to Council for approval and incorporation into the Disaster Management Plan of the Municipality.

COMMENT ON DISASTER MANAGEMENT PERFORMANCE

The Mossel Bay Municipality will strive to avoid disasters by pro-active means and continuously updating its disaster risk plans to ensure a safe environment for the community.

COMPONENT H: SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

The Sports Section of the Municipality is responsible for the maintenance of ten sports complexes belonging to the Municipality. This past year was another challenging year for the section in terms of maintenance of the facilities. This was mainly due to the extensive use of the facilities by sports clubs, schools and other sport participants. Despite this extensive use of the facilities, the section managed to maintain the playing surfaces of most of the facilities to a high standard.

Various major sporting events were hosted at the facilities, such as the Point High School sports school week during March and April and the annual Mossel Bay Sports Festival during September/October. This event placed an additional burden on the section regarding the standard of the facilities, but this challenge was met and well maintained facilities were made available to the organisers of the events.

Vandalism is an increasing threat to infrastructure and the Sports Section has seen the effects of these acts at the different sports facilities. Some of the infrastructure is also very old and in certain instances major renovations will be needed in the near future. At the Van Riebeeck stadium a section of the pavilion was closed off for use by spectators due to the instability of the structure of the pavilion. Money was allocated in the next financial year to do the necessary repairs.

The Greenhaven sports fields were closed for use for the upgrading of the playing surfaces, drainage and irrigation of the facility. As part of the upgrade new high mast lights were installed. This project was funded with MIG funding.

3.20 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

The total maintenance budget of the Sports Section was R7 181 330 (salaries included) and the income generated from renting and hiring charges of the different facilities amounted to

R78 806. The MIG grant received for the upgrade of the Greenhaven sports field was R4,3 million.

Employees: Sport and Recreation					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	5	5	0	0%
4 - 6	9	9	8	1	11%
7 - 9	4	4	4	0	0%
10 - 12	1	1	1	0	0%
Total	19	19	18	1	

Financial Performance 2015: Sport and Recreation					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	14 840	10 051	12 021	10 790	7%
Expenditure:					
Employees	17 847	19 333	18 870	18 840	-3%
Repairs and Maintenance	3 346	3 644	3 348	2 990	-22%
Other	19 948	20 381	19 728	21 593	6%
Total Operational Expenditure	41 141	43 358	41 945	43 422	0%
Net Operational Expenditure	26 302	33 307	29 924	32 632	-2%

Capital Expenditure 2015: Sport and Recreation				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	870 000	735 211	505 214	-72%
Furniture, Tools and Equipment	65 000	65 000	65 000	0%
New Play Parks: St. Blaize Street	10 000	12 000	11 132	10%
New Play Parks: New Housing Development (Asazani/Zinyoka)	70 000	67 700	65 580	-7%
Upgrading and Maintaining of Existing Play Parks Including New Pallisade Fence	45 000	40 000	40 000	-13%
Ramp for disabled at Suiderkruis Ablution Facilities	55 000	49 500	49 500	-11%
Tractor Mounted Brush Cutter	55 000	55 000	39 647	-39%
Furniture, Tools and Equipment	60 000	24 561	24 561	-144%
Rotary Lawnmowers x 2 (Pitch Cutters)	30 000	29 000	29 000	-3%
Construction of White Side Screens at Van Riebeeck Stadium Cricket Field	70 000	66 800	65 244	-7%

Capital Expenditure 2015: Sport and Recreation				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Extension of Rugby Clubhouse-D'Almeida	70 000	69 650	69 650	-1%
Construction of Cricket Nets and Lightning Nets	60 000	60 000	0	0%
Extension of Jukskei Clubhouse	150 000	150 000	0	0%
Furniture, Tools and Equipment	100 000	0	0	0%
New Play Parks: St. Blaize Street	30 000	46 000	45 900	35%

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

There is a far greater demand for sports facilities than what the Municipality can supply. We are experiencing an over use of the existing facilities which place a huge burden on this section in terms of maintenance of the facilities. It will also be very difficult for the Municipality to develop new facilities because of a shortage of available and suitable land as well as the cost involved in developing new facilities.

3.21 RESORTS

INTRODUCTION

The Mossel Bay Municipality operates three coastal resorts in close proximity to the Central Business District, the De Bakke Chalets consisting of 46 chalets and 76 camping sites, the Santos Caravan Park with 302 camping sites and the Point Caravan Park with 211 camping sites.

Because of the highly seasonal nature of coastal holidays and also the high fuel prices the average occupancy rates are generally low, particularly over the winter months. This negatively affects the profitability of the resorts. In order to alleviate potential losses, the Santos and De Bakke caravan parks are operated for two months a year, during the peak season, whilst the De Bakke Chalets and the Point Caravan Park are open throughout the year.

Mossel Bay is traditionally a summer holiday destination and the resorts are usually heavily booked during the holiday period in December and January. During the remaining months of the year, the resorts hosted a number of events, the attendants of which make a significant contribution to the town's economy, such as:

October 2014: Point High Schools Under 19 Cricket Week: Players and Supporters.

February 2015: Dias Festival: Hosting Participants and Special Guests.

March 2015: Buffalo Motorcycle Rally: Approximately 7000 participants.

In addition, the De Bakke Chalets have, on occasion, hosted pensioner groups, civic awareness groups and sporting teams, some of which come from disadvantaged backgrounds.

Percentage Annual Occupation: Santos / De Bakke Resort

	2013-2014	2014-2015
De Bakke Chalets	33,5%	35,6%
De Bakke Caravan Park	62,2%	58,9%
Santos Caravan Park	70%	63,4%

Percentage High Season Occupancy Comparison: Santos and De Bakke Parks

	2013-2014	2014-2015
De Bakke December	68,9%	71,0%
De Bakke January	44,9%	38,1%
Santos December	77,7%	75,4%
Santos January	50,6%	43,2%

Percentage Monthly Occupation: Chalets

	2013-2014	2014-2015
July	25,4%	41,7%
August	24,7%	29,2%
September	38,8%	29,1%
October	31,2%	42,0%

November	29,2%	27,2%
December	52,2%	48,2%
January	38,7%	41,0%
February	30,7%	51,5%
March	42,0%	32,0%
April	40,5%	48,4%
May	23,2%	18,2%
June	25,2%	18,9%

Income Comparison 2012-2013 and 2013-2014

	2013-2014	2014-2015
July	378 821	432 368
August	1103 692	1 912 630
September	2462 445	1 895 225
October	480 383	280 505
November	462 243	297 614
December	592 580	444 425
January	576 441	734 527
February	249 823	261 420
March	405 152	562 842
April	845 010	915 903
May	334 975	372 990
June	398 756	271 466

Expenditure: Renovations, Maintenance and Repairs

	2013-2014	2014-2015
De Bakke Chalets	70 655	105 081
Bakke And Santos Caravan Parks	135 071	112 479

Income and Expenditure Statement 2013-2014

	INCOME	EXPENDITURE	PROFIT	LOSS
Chalets	3 093 068	4 020 833		927 765
Caravan Park	4 099 333	2 803 040	1 296 293	
Resort Overall	7 192 401	6 823 873	368 528	

Income and Expenditure Statement 2014-2015

	INCOME	EXPENDITURE	PROFIT	LOSS
Chalets	3 115 244	3 906 040		790 796
Caravan Park	5 624 954	2 995 924	2 629 030	
Resort Overall	8 740 198	6 901 964	1 838 234	

Employees: Santos / De Bakke

Employees 2015 : De Bakke / Santos					
Job Level	2013-2014	2014-2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	17	17	8	9	52,9
4 - 6	4	4	0	4	100
7 - 9	1	1	1	0	0
10 - 12	1	1	1	0	0
Total	23	23	10	13	56,5%

Renovations were required to upgrade the standard of the facilities, whilst repairs and maintenance were necessary to maintain the standard of the facilities or to replace damaged or worn out infrastructure.

Percentage Annual Occupation: Point Resort

	2013-2014	2014-2015
Point Caravan Park	55,5%	59,6%

Percentage High Season Occupancy Comparison: Point Caravan Park

	2013-2014	2014-2015
December	75,6%	80,0%
January	41,6%	40,2%

	2013-2014	2014-2015
July	101 160	141 392
August	582 138	640 100
September	742 950	783 263
October	78 783	115 990
November	139 305	122 155
December	162 985	103 910
January	294 185	373 186
February	91 085	285 935
March	397 735	577 633
April	372 289	418 826

	2013-2014	2014-2015
May	126 325	112 914
June	73 176	94 429

Expenditure: Renovations, Maintenance and Repairs

	2014-2015
Point Caravan Park	85 779

Point Caravan Park Income / Expenditure Statement 2014-2015

	INCOME	BUDGETED	PROFIT
Camping Fees	3 864 512	3 480 580	383 932
Entrance Fees	33 316	29 620	3 696
Resort Overall	3 897 829	3 510 200	38 7629

Employees: Point Caravan Park

Employees 2015 : Point Caravan Park					
Job Level	2013-2014	2014-2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	4	0	0%
4 - 6	2	2	2	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	1	1	0	0%
Total	7	7	7	0	0%

Renovations were required to upgrade the standard of the facilities, whilst repairs and maintenance were necessary to maintain the standard of the facilities or to replace damaged or worn out infrastructure.

COMMENT ON THE PERFORMANCE OF RESORTS OVERALL

There were mostly positive feedback from the campers of the services that they received from the staff at Point Caravan Park. The privatisation of the Santos / De Bakke Resort is proceeding apace, with the evaluation of the bids that were received. It is envisioned that this will be completed during the 2015 / 2016 financial year.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES

The functions in this category are distributed amongst different Directorates within the Mossel Bay Municipality. Corporate policy issues are handled on a departmental basis depending on the responsibility for the specific function. The Directorate Financial Services is responsible for the financial affairs of the Municipality. The Directorate Corporate Services is responsible for the Human Resources as well as Information Technology functions of the Municipality. The latter Directorate is also responsible for rendering general administrative services to the Municipality overall as well as administrative and support services to ensure the effective functioning of Council and its Committees. Specific support services are rendered to the Office of the Mayor, the Mayoral Committee and the Office of the Speaker.

3.22 EXECUTIVE AND COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

The functions in this category are distributed amongst different Directorates within the Mossel Bay Municipality. Corporate policy issues are handled on a departmental basis depending on the responsibility for specific function. The Directorate Financial Services is responsible for the financial affairs of the Municipality. The Directorate Corporate Services is responsible for the Human Resources as well as Information Technology functions of the Municipality. The latter Directorate is also responsible for rendering general administrative services to the Municipality overall as well as administrative and support services to ensure the effective functioning of Council and its Committees. Specific support services are rendered to the Office of the Mayor, the Mayoral Committee and the Office of the Speaker.

Financial Performance 2015: The Executive and Council					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	127 254	45 581	41 646	66 363	31%
Expenditure:					

Financial Performance 2015: The Executive and Council					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Employees	34 133	38 330	36 982	36 638	-5%
Repairs and Maintenance	2 553	1 989	2 536	2 374	16%
Other	58 158	53 145	46 616	43 362	-23%
Total Operational Expenditure	94 844	93 463	86 134	82 374	-13%
Net Operational Expenditure	-32 410	47 882	44 488	16 010	-199%

Capital Expenditure 2015: The Executive and Council					
Capital Projects	2015				Variance from original budget
	Budget	Adjustment Budget	Actual Expenditure		
Total All	875 175	597 616	616 186		-42%
Photocopy and Fax Machine	0	14 000	43 895		100%
Extension of Council Chamber	500 000	128 000	129 412		-286%
Purchase of Two Printers (Ald Scheepers/ Cllr Fortuin)	0	10 000	0		0%
Furniture, Tools and Equipment	10 000	10 000	6 228		-61%
Extra Partitions for Security Workstations on Ground and Lower Ground Floor	20 000	18 517	18 516		-8%
Franking Machine	30 000	27 641	27 640		-9%
Security Camera	100 000	100 710	100 710		1%
Gates (Festivals)	100 000	115 332	113 065		12%
Air Conditioner-Community Development Worker (CDW) Office D'Almeida	0	6 739	6 739		100%
Air Conditioner-Indoor Sports Centre-CDW Office	0	6 858	6 073		100%
Purchase of a New Fridge-1st Floor	0	3 500	3 300		100%
Furniture ,Tools and Equipment	0	53 000	52 923		100%
Laser Jet Printer	2 500	1 875	1 665		-50%
Colour Printer	2 500	1 875	1 578		-58%
Furniture, Tools and Equipment	6 140	7 392	7 334		16%
Car Ports/Shades/Netting for 10 Parking Bays, Thusong Centre	40 000	30 532	35 463		-13%
Purchase of Computer-Thusong Centre Reception	19 298	19 193	19 193		-1%
Photo Copy Machine-Thusong Centre	21 930	16 343	16 343		-34%
Outdoor Benches :Under Cover-Waiting Area	17 544	19 959	19 959		12%
Air Conditioner-Thusong Centre Reception Area	5 263	6 150	6 150		14%

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

Council and the Executive performed well and all main objectives were met.

3.23 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The Directorate Financial Services is responsible for the delivery of all financial-related services to the Municipality. This includes the following:

- Strategic financial guidance.
- Budget, financial statements and related aspects.
- Expenditure management, which includes salaries and wages.
- Income and account services.
- Supply chain management services.

The aim of this Directorate is to keep the financial position of the Municipality stable and to ensure that it will continue to being able to not only meeting its financial commitments but to ensure that economically viable services are rendered to the community on an effective and efficient basis. To maintain the present high standard of financial services the Municipality must adhere to many acts and other legal prescripts, policies, regulations, etcetera. Most important, however, is the Directorate's personnel, which are very competent and highly motivated. All these factors contributed to the clean audit status which the Municipality achieved for the 2013/2014 financial year.

Debt Recovery							
Details of the types of account raised and recovered	2014		2015			2016	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year collected	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	83 548	99,49%	89 953	89 243	99,21%	94 744	98,6%
Electricity - B	220 323	99,82%	242 611	239 768	98,83%	320 504	99,25%
Electricity - C							
Water - B	112 280	95,64%	1 222 079	116 879	95,74%	93 945	95,5%
Water - C							
Sanitation	68 552	90,62%	73 858	66 123	89,53%	46 433	89,8%
Refuse	47 664	95,19%	51 954	49 242	94,78%	36 582	94,5%

Employees: Financial Services					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	52	53	53	0	0%
7 - 9	3	3	3	0	0%
10 - 12	13	14	14	0	0%
13 - 15	9	9	9	0	0%
16 - 18	1	1	1	0	0%
Total	79	81	81	0	0%

Financial Performance 2015: Financial Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	84 305	90 661	90 662	90 356	0%
Expenditure:					
Employees	553	637	611	607	-5%
Repairs and Maintenance	182	200	233	181	-10%
Other	2 403	3 329	3 115	1 931	-72%
Total Operational Expenditure	3 138	4 166	3 959	2 719	-53%
Net Operational Expenditure	-81 166	-86 495	-86 703	-87 637	1%

Capital Expenditure 2015: Financial Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	115 000	554 503	423 658	73%
Furniture, Tools and Equipment	15 000	334 503	216 546	93%
Scanners x2	70 000	70 000	60 611	-15%
Furniture, Tools and Equipment – Income Department	15 000	15 000	14 951	0%
Purchase of a Printer	0	120 000	117 085	100%
Furniture, Tools and Equipment- Expenditure Department	15 000	15 000	14 465	-4%

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The Directorate was actively involved in the Council's achievement of its 3rd clean audit in succession. Compliance to relevant legislation, regulations and other prescriptions were adhered to without any negative audit findings. All root causes of issues raised by the AG in previous year was addressed in the pursuit of another clean audit. The tabling of the relevant Budgets and AFS were done within prescribed deadlines and complied with prescribed formats.

As part of its portfolio the investments of surplus funds were actively pursued with higher than budgeted returns received. Strict budget control ensured a surplus for the year under review and resulted in the council making additional contributions to its CRR. The financial ratios indicate that council are financially sound and that internal control measures are in place.

Council strive to be a leader in all fields and therefore decided to become an early adopter of the new mSCOA initiative by National Treasury. This will allow the Municipality the opportunity to be part of the pilot sites, obtain first-hand information on the requirements but more than that, it will allow the municipality the opportunity to influence the final outcome of the chart of accounts.

The staff is deemed to be competent in their environment and the department is actively involved in training and coaching its staff. For this reason both external audit and internal audit reports indicate proficiency, diligence and accountability in the execution of the departments' duties.

3.24 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The effective management of human resources remains one of the most overlooked key management functions in a municipality because the staff component of any municipality is the vehicle of service delivery and ultimate responsibility for compliance with the constitutional mandates. It is incumbent on a municipality to ensure that its human resource capacity is developed to a level where it can perform its responsibilities in an economical, effective, efficient and accountable way.

The Human Resources Management Sub-Directorate is a support service and is responsible for the administration of all matters relating to the Municipality's personnel. This sub-directorate assists the Municipality in maintaining smooth human resources processes and

procedures in compliance with the relevant legislations. This Sub-Directorate is responsible for the following functions:

- Labour relations.
- Recruitment and selection.
- Skills development and training.
- Occupational Health and Safety.
- Leave and Fringe Benefit Administration.
- Employee Assistance.

The Human Resources Sub-Directorate constantly strives to improve its performance by the revision of Policies and Procedures and the manner in which policies are applied by Management and every staff member who has a supervisory responsibility.

Human Resources policies and procedures contribute to improving compliance in terms of legislation. Policies also provides the tools for employees to do their work and provide workplace structure, support in the way that a municipality define roles and responsibilities and explain the consequences of actions and behaviors. It also plays a significant role in contributing to service delivery when it streamlines the workflow in the municipality. For this reasons the Human Resources Sub-Directorate revises Human Resources related policies on a continuous basis.

The Human Resources Sub-Directorate also strives to ensure that staff are trained and that key positions are filled.

Employees: Human Resource Services					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	5	6	5	1	17%
7 - 9	1	2	1	1	50%
10 - 12	2	4	4	0	0%
13 - 15	2	3	3	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	11	16	14	2	13%

Financial Performance 2015: Human Resource Services					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	818	1 000	1 000	862	-16%
Expenditure:					
Employees	4 069	4 871	4 485	4 432	-10%
Repairs and Maintenance	105	104	105	71	-45%
Other	2 666	2 837	3 192	3 003	6%
Total Operational Expenditure	6 841	7 812	7 782	7 507	-4%
Net Operational Expenditure	6 023	6 812	6 782	6 644	-3%

Capital Expenditure 2015: Human Resource Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	30 000	147 100	31 554	5%
Furniture, Tools and Equipment	30 000	30 000	29 280	-2%
Filing Cabinets-Human Resources Offices	0	117 100	2 274	100%

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

Human Resources remains one of the most important functions in any organisation as the staff component of an organisation is the vehicle for service delivery. It is therefore of utmost importance that the human resources department is capacitated and developed to fulfil its supportive responsibility in the Mossel Bay Municipality. Staff in this Sub-Directorate are trained and committed and contribute towards the excellent performance of the sub-directorate.

The overall performance of the Human Resources Sub-Directorate is measured and monitored continuously by the set key performance areas with specific monitoring and measuring tools to ensure that targets are achieved and that the Sub-Directorate renders a supportive function to Management as well as all staff and Trade Unions.

The continuous revision of staff competency levels by means of skills audits performed on all new appointees as well as internal staff promoted to a higher post, or appointed in another post, is also proof of the commitment to ensure that all staff are trained and competent to deliver a high standard of service as expected.

Current and new policies are revised and developed on a continuous basis to ensure compliance with legislation. New and revised policies are workshopped and communicated with staff on an annual basis and are also published on the electronic system (collaborator) used by all staff and hard copies for staff who does not have access to electronic systems.

3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Sub-Directorate Information and Communication Technology fulfils a very sophisticated support service to the whole of the Municipality in providing all data and Voice Over Internet Protocol services to the Head Office and all satellite offices. The staff complement consists of the IT Manager, Systems Administrator, IT Technician, and Database Clerk whose main function is the administration of the Geographical Information System (GIS). Due to the major growth in this field a GIS Intern has been appointed with effect from 1 January 2015 to assist in certain GIS projects and other IT functions that are currently running.

The Sub-Directorate services offices at Montagu Place (Town Planning), George Road (Technical and Electricity Services), the Point Caravan Park, De Bakke Caravan Park, Hartenbos (Socio-Economic Development Sub-Directorate), Old Power Station (Human Resources), Great Brak River, Friemersheim, Herbertsdale, KwaNonqaba, Plaza Aquada (Community Services, Supply Chain Management and Strategic Services), Stores and Fire Brigade and some personnel who have radio links to their homes. A total of 65 radios are managed that connect the entire municipal environment with each other.

The main function of this Sub-Directorate is to provide continuous support to all users and ensure a 100% uptime of all the different systems in use by the Municipality as this is also one of its Key Performance Indicators (KPI).

The main obstacles in achieving this goal are hardware component failure, power disruptions and critical software updates. The pressure on the present very small staff complement of the Sub-Directorate is ever increasing due to the overall increase in the Municipality's workforce. Notwithstanding these challenges an average uptime of 99% was achieved.

During the 2014/15 financial year, four big projects were implemented:

1. Virtual Machine (VM).

The biggest of these was the acquisition and implementation of a Virtual Machine (VM) environment. This project was implemented to ensure a proper Disaster Recovery as well as Business Continuity in the event of a major disaster.

2. Microsoft Enterprise Agreement

The next biggest was the engagement with Microsoft into an Enterprise Agreement. The biggest of this implementation is that of migrating the Municipality's current mail server to an Exchange server. This has been a continuous project for the past eight months.

3. GIS project

The next project was to replace the five major satellite office 7-year old file servers with new technology and increased storage capacity for the growing data size. The ongoing GIS project is really starting to show good business value and return on investment. The Municipality is well on its way to be in a position to do proper asset management with the aid of the GIS. Increasingly more and more departments, such as the Fire Service, Financial Services, Town Planning, Integrated Development Planning, Health Services and Parks and Recreation, engage in projects on the GIS

4. External service providers

External service providers have been contracted for the support and maintenance of the Municipality's wireless network infrastructure, network cabling infrastructure and the provision of printer peripherals and maintenance thereof.

SERVICE STATISTICS FOR ICT SERVICES

IT manages an environment with 24 servers, 30 corporate software systems and 330 users. It handles about 350 calls a month.

Employees: ICT Services					
Job Level	2014	2015			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	0	0%
13 - 15	1	1	1	0	0%
Total	4	4	4	0	0%

Financial Performance 2015: ICT Services		
Details	2014	2015

	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	12	12	334	96%
Expenditure:					
Employees	1 460	1 617	1 597	1 595	-1%
Repairs and Maintenance	631	700	1 849	1 799	61%
Other	1 320	2 097	2 776	1 908	-10%
Total Operational Expenditure	3 411	4 415	6 222	5 301	17%
Net Operational Expenditure	3 411	4 403	6 210	4 967	11%

Capital Expenditure 2015: ICT Services				
Capital Projects	2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	5 080 000	3 875 275	3 789 739	-34%
Computer Leases	1 130 000	1 075 275	990 576	-14%
Virtual Machine (VM) Solution	3 500 000	2 373 608	2 373 608	-47%
Replace Active Directory (AD) Servers	450 000	426 392	425 555	-6%

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The overall performance of this Sub-Directorate is measured and monitored continuously by set Key Performance Areas with specific monitoring tools to improve overall uptime of services, speedily resolved hardware and software problems and better overall networking capabilities. All fields of expectations and deliverables are met to the best of the Sub-Directorate's limited resources.

3.26 LEGAL SERVICE AND RISK MANAGEMENT

INTRODUCTION TO LEGAL SERVICES AND RISK MANAGEMENT

The Sub-Directorate Legal Services reports directly to the Municipal Manager and is responsible for ensuring that all actions and decisions of Council's structures are in compliance with the legal framework of the Mossel Bay Municipality.

The main purpose is to provide professional legal advice and assistance to the Municipality to ensure the proper protection of its interests and compliance with its obligations.

Through its supportive and advisory role, Legal Services strengthen the capacity of the Municipality to fulfil its Constitutional and other legislative mandates. This is achieved by rendering legal services which provides for litigation, compiling and reviewing of by-laws, chairing of disciplinary hearings against officials contravening the disciplinary code, supporting the Speaker on the discipline of Councillors as well as legal advice to Council, the Municipal Manager and Directors.

The Sub-Directorate has also been entrusted with the risk management function of the Municipality and it aims to support the objectives of the Municipality to enable the implementation and maintenance of effective systems to identify and mitigate the risks that threaten the attainment of service delivery and other objectives, and optimise opportunities that enhance institutional performance.

An Anti-Fraud Hotline was implemented in collaboration with Eden District Municipality to enable the public to report any alleged fraudulent activities. The initial agreement was for a period of one (1) year and negotiations for a new agreement is currently in process.

A Liquor By-law committee was established by Council. All applications are processed, comments obtained and monthly meetings are held to consider the applications, whereafter recommendations are provided to the Western Cape Liquor Board.

Legal Services are responsible for effective and efficient contract management within the Municipality. An electronic Service Level Agreement system has been implemented to enhance record keeping and proper monitoring of performance of contracts awarded to service providers in terms of the procurement process and is continually improving the system.

Financial Performance 2015: Legal Services and Risk Management					
Details	2014	2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	226	182	177	119	-53%
Expenditure:					
Employees	6 317	8 399	7 840	7 750	-8%
Repairs and Maintenance	8	16	17	10	-60%
Other	2 639	3 498	3 514	2 555	-37%
Total Operational Expenditure	8 965	11 913	11 371	10 315	-15%
Net Operational Expenditure	8 739	11 731	11 194	10 196	-15%

Capital Expenditure 2015: Legal Services and Risk Management	
Capital Projects	2015

	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	66 000	129 350	127 400	48%
Furniture, Tools and Equipment-Supply Chain Management	66 000	62 750	61 547	-7%
Purchase of Vehicle: CBS42210	0	40 350	39 603	100%
Canopy Roof Over Fuel Pumps	0	26 250	26 250	100%

COMPONENT J: MISCELLANEOUS

Municipal Court

Mossel Bay has a fully operational Municipal Court. It is not only to prosecute offenders but also to create awareness and educate the public with regards to municipal legislation and by-laws.

The Municipal Court deals with traffic violations as well as matters from the Directorate Planning and Integrated Services such as failures to submit building plans, failure to apply for occupancy certificates and failure to remove building rubble.

Moreover the court also focuses on issues relating to operating a business without a licence and transgressions of by-law matters such as dog-related matters. However, once summonsed most transgressors comply with the notice received from the Municipality.

The Municipal Court received a total amount of 12 880 traffic violations cases in the 2014/2015 financial year. Building-related matters for the year amounted to 196, of which 164 were finalised successfully.

The Court's challenges are mainly the fact that accused do not attend court in traffic-related matters. The warrants for the year therefore amounted to 495. In order to eradicate this problem it was addressed by implementing the E-Natis system in order to deal with offenders with outstanding warrants and fines. Considerable success was consequently achieved in finalising the matters and getting the offenders to comply .

The Municipal Court's income amounted to R5 589 325 in 2014/2015. The Court is clearly an asset to the Municipality. It is doing well and serves the purpose of its establishment.

Municipal Farm

The Municipality owns the farm Kleinbosch of approximately 475 ha in size at Friemersheim. The farm is covered by an indigenous forest as well as pine trees. A caretaker appointed by the Municipality lives on the Farm. Council resolved in November 2013 (Council Resolution E248-11/2013) to lease the farm to a third party for a period of nine years and eleven months, subject to the harvesting of the pine trees for the benefit of the Municipality. It has subsequently been decided to extend the lease period to thirty years. A supply chain management process is to be followed and the tenders are expected to be awarded in the 2015/2016 financial year.

Diaz Beach Properties

The Municipality owns Erf 3972 (55 474 square metres) and Erf 3991 (44 000 square metres) in Diaz Beach. Council gave approval, subject to a final public participation process, in August 2013 for the development of these erven, and, because they are not required for municipal service delivery purposes. While Erf 3991 was held back until further notice, Erf 3972 was sold, following public participation and supply chain management processes, for an amount of R5 700 000 on condition that it is developed as a lifestyle village for persons older than fifty years.

Point Discovery Centre

Council has agreed to the establishment of a multi-purpose interpretive or discovery centre for the internationally acclaimed archaeological discoveries at Pinnacle Point as a tourist attraction.

Cave 13B at Pinnacle Point, which is regarded as one of the world's most important archaeological sites and is already a Western Cape Provincial Heritage Site was in June 2015 included, together with five other South African sites, in UNESCO's tentative lists for World Heritage status upon an application by the South African Department of Environmental Affairs.

Council has availed Erf 3419 at the Point as the site for the centre but has directed that donor funding should be raised for the construction and operation of the centre so that it does not place an additional financial burden on the ratepayers of Mossel Bay. Council furthermore gave approval for the establishment of a Public Benefit Organisation to raise funds and operate the proposed centre. Point Discovery Centre NPC was registered in June 2015 and the Municipal Manager, the Director of Planning and Integrated Services and the Strategic Support Executive in the Office of the Municipal Manager were appointed as the Municipality's representatives on the board of the company.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Organisational performance management and Top-Level SDBIP report

The Mossel Bay Municipality has built on its previous achievements and has continued to make tremendous advances in improving organisational performance. This was made possible by fostering a culture of performance within its structures and has contributed immensely to the successes achieved by the organisation. This performance driven culture would not have been made possible, if it were not for the commitment and buy-in from the top management, who remain geared to promote performance management within the Local Government sphere. The management of organisational performance is, however not static discipline and is constantly influenced by external as well as internal factors. Therefore, management is engaged in proactive activities to increase its readiness for anticipated changes. As the focus shifts more and more to the performance of Local Government it remains a challenge to implement and comply with changes to Legislation and Regulations that in many cases follow a singular approach, while neglecting the fact that Municipalities operate within vastly different environments with a varying amount of resources. Despite facing these challenges the Municipality has improved its organisational performance system in the following manner:

- Implementation of Performance Management System by creating an organisational culture of performance monitoring and evaluation.
- Setting Key Performance Indicators (KPI's) that are Reliable, Well-defined, Verifiable, Cost-effective,
- Appropriate and Relevant.
- The developing and setting of targets that comply with the SMART principle by being Specific,
- Measurable, Achievable, Relevant as well as being Time-bound.
- Stronger / clear linkage between IDP, Budget, SDBIP and Annual Report.
- Regular reporting on organisational performance, to aid in the monitoring of performance and to identify instances where corrective actions may be needed.
- The review and expansion of organisational Macro and Micro structures and the filling of key posts to implement projects and programmes.

On a strategic level the overall performance of the Municipality is managed and evaluated by a municipal scorecard (Top-Level SDBIP) for the organisation. While on an operational level, performance is monitored via the Departmental Service Delivery Budget Implementation Plan (SDBIP) throughout the various departments in the Municipality.

TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION (SDBIP) SCORECARD: 2014/2015:

The following is the Top-Level SDBIP scorecard for the 2014/2015 financial year:

KEY:									
B	Extremely well met	G2	Very well met	G	Met	O	Almost met	R	Not met

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	SDBIP Comments	Corrective Measures
TL1	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Effective functioning of council measured in terms of the number of ordinary council meetings per annum	No of ordinary council meetings per annum	10	A total of 16 Council meetings were held for the financial year 2013/2014	10	10	G	A total of 10 Council meeting held for the financial year 2014/2015	Target met
TL2	To ensure the maximisation of community involvement in all municipal processes through an effective governance	Effective functioning of the committee system measured by the number of committee meetings per committee per annum	No of sec 80 committee meetings per committee per annum	10	A total of 10 section 80 committee meetings were held for the financial year 2013/2014	10	10	G	A total of 10 section 80 committee meetings held of the financial year 2014/2015	Target met

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	SDBIP Comments	Corrective Measures
	structures and open and transparent communication to all Stakeholders									
TL3	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	The main budget is approved by Council by the legislative deadline	Approval of Main Budget before the end of June annually	1	Budget approved on 29 May 2014	1	1	G	Main Budget approved by Council	Target met
TL4	To promote an efficient and financial viable organisation through an effective governance structure and	The adjustment budget is approved by Council by the legislative deadline	Approval of Adjustments Budget before the end of February annually	1	Adjustments budget approved by Council	1	1	G	Adjustment Budget approved by Council	Target met

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	SDBIP Comments	Corrective Measures
	open and transparent communication to all Stakeholders									
TL5	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved	Top Layer SDBIP approved within 28 days after the Main Budget has been approved	1	The Top Level SDBIP was approved by Mayor on 25 June 2014	1	1	G	SDBIP approved on 24 June-27 days after approval of budget	Target met
TL6	To promote an efficient and financial viable organisation through an effective governance structure and	IDP reviewed and approved by Council before the end of June (2013-2014: IDP reviewed and approved by the	IDP approved by the end of June annually (2013-2014: IDP approved by the end of May	1	The IDP was approved on the 29th of May 2014, as per council resolution E60-05/2014	1	1	G	IDP was reviewed and approved as per Council Resolution E71-05/2015	Target met

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	SDBIP Comments	Corrective Measures
	open and transparent communication to all Stakeholders	end of May)	annually)							
TL7	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Ensuring performance by the timeous development and signing of the Section 57 performance agreements in adherence to the Performance Framework	No of signed performance agreements of Section 57 managers within 14 days of approval of the SDBIP (2013-2014: No of signed performance agreements of section 57 managers by 31 July annually)	7	All Directors and MM have signed performance agreements for the financial year 2013-2014 as legislatively required	7	7	G	All performance agreements of Section 57 Managers was completed and signed within the prescribed timeframe	Target met

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	SDBIP Comments	Corrective Measures
TL8	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Evaluate the performance of Section 57 managers in terms of their signed agreements	No of formal evaluations completed per Section 57 (2013-2014: No of formal evaluations completed)	2	All Directors including MM evaluated.	2	2	G	Two (2) formal evaluations done for Section 57 employees	Target met
TL9	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all	Risk based audit plan approved by Audit Committee for 2015 (2013-2014: Risk based audit plan approved for 2014)	Risk based audit plan approved by February 2015 (2013-2014: Plan approved by June 2014)	1	Audit plan approved by audit committee	1	1	G	Plan approved by Audit Committee	Target met

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	SDBIP Comments	Corrective Measures
	Stakeholders									
TL10	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Functional performance audit committee measured by means of meetings where committee dealt with performance reports	# of meetings	2	Five (5) meetings were held	2	5	B	Five (5) meetings held during the 2014-2015 financial year	Target met
TL11	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	The % of the Municipality's capital budget spent on capital projects identified in the IDP, measured as the Total actual Year to Date (YTD) Capital Expenditure/ Total Approved Capital Budget x	The percentage (%) of a municipality's capital budget spent on capital projects identified in the IDP for the 2014/15 financial year (2013-2014: The percentage of a municipality's	90%	93,3% of capital budget has been spent	90%	82.4%	O	Underspending on capital budget can mainly be attributed to the late transfer of the Municipal Disaster Recovery Grant and the Department of Human Settlements allocating additional funds. Several projects span over multiple financial years.	Applications for roll overs will be submitted. Year-end journal are still to be processed for donated assets.

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	SDBIP Comments	Corrective Measures
		100	capital budget spent on capital projects identified in the IDP for the 2013/14 financial year)							
TL12	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Improvement in operational conditional grant spending measured by the percentage (%) spent (2013-2014: Improvement in operational conditional grant spending measured by the % spent)	Percentage (%) of the grant spent i.t.o. budget allocations (2013-2014: % of the grant spent)	100%	For the 2013/2014 financial year 102% of the operating grants was spent. Overspending is attributed to the Asazani/Izinyoka Top Structures project	95%	83.3%		Underspending of operational grants due to the late transfer of the Department of Human Settlements grant for Top Structures and savings on other projects	Applications for roll overs will be submitted to spend funds in the 2015/16 financial year. Requests will be submitted to Provincial Departments to reallocate saving to other projects

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	SDBIP Comments	Corrective Measures
TL13	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Improvement in capital conditional grant spending measured by the percentage (%) spent (2013-2014: Improvement in capital conditional grant spending measured by the % spent)	Percentage (%) of the grant spent i.t.o Budget allocations (2013-2014: % of the grant spent)	100%	For the 2013/2014 financial year 78% of capital grants were spent. Underspending mainly attributed to one infrastructure project	95%	66.6%	R	Underspending due in part to the late transfer of the Municipal Disaster Recovery Grant and the allocation of additional funds by the Department of Human Settlements for infrastructure projects in February 2015.	Applications for roll overs will be submitted. Several projects span over multiple financial years
TL14	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all	Submit final Annual Report and oversight report of council before legislative deadline (2013-2014: Submit final Annual report and oversight report of council before 31 March 2014)	Final Annual Report and oversight report of council completed and submitted (2013-2014: Final Annual report and oversight report of council completed and submitted)	1	Final Annual Report and Oversight report submitted to Council on 19 March 2014	1	1	G	Final Annual Report and oversight report submitted before deadline	Target met

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	SDBIP Comments	Corrective Measures
	Stakeholders									
TL15	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Review and prioritisation of risk register	Reviewed and prioritised risk register	New	New KPI	1	1	G	Risk register reviewed	Target met
TL16	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication	Compliance with all the relevant legislation tested annually	0 findings in the Auditor General's report on non-compliance with laws and regulations	0	No findings in the 2012-2013 audit report on non-compliance with laws and regulations. Clean Audit Achieved.	0	0	G	No findings in the 2013-2014 audit report on non-compliance with laws and regulations	Target met

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	SDBIP Comments	Corrective Measures
	n to all Stakeholders									

Financial Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL17	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Financial statements submitted by 31 August	Financial statements submitted to A-G	1	The Annual Financial Statements (AFS) were submitted on the 31 August 2013 to the Auditor General (AG)	1	1	G	Financial statement submitted to Auditor-General by deadline	Target met
TL18	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Maintain a Year to Date (YTD) debtors payment percentage of 96% (2013-2014: Maintain a YTD debtors payment percentage of 96%)	Payment percentage (%) of debtors over 12 months rolling period (2013-2014: Payment % of debtors over 12 months rolling period)	96%	The payment percentage for the 12 month period starting 1 July 2013 to 30 June is 97,29%	96%	96.69%	G2	Payment percentages over a period of 12 months ending 30 June 2015 is 96.69%	Target met

Financial Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL19	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Financial Viability measured in terms of Cost coverage ratio (2013-2014: Financial Viability measured in terms of Cost coverage ratio)	Cost coverage ratio calculated as follows: (Available cash at particular time + investments)/Monthly fixed operating expenditure (2013-2014: % Cost coverage ratio calculated as follows: (Available cash at particular time + investments)/ Monthly fixed operating expenditure x 100.)	Reviewed	477% Cost coverage ratio calculated	4.6	5.5	G2	Cost coverage ratio of 5.5	Target met

Financial Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL20	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Financial Viability measured in terms of debt coverage ratio (2013-2014: Financial Viability measured in terms of debt coverage ratio)	Debt coverage ratio calculated as follows: (Total revenue received - Total grant)/debt service payments due within the year (2013-2014: % Debt coverage ratio calculated as follows: (Total revenue received - Total grants)/debt service payments due within the year x 100.)	Reviewed	12 773% Debt coverage ratio calculated	131.7	142.5	G2	Debt coverage ratio of 142.5	Target met
TL21	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all	Compliance with GRAP to ensure effective capital asset management (PPE; Intangible; Investment Property and Heritage Assets) (2013-2014: Compliance with	Zero (0) findings in the external audit report on non-compliance with GRAP (2013-2014: 0 findings in the audit	0	0 Finding on Non-compliance. Refer to AG Management report pages 26 and 27	0	0	G	No findings received on asset register	Target met

Financial Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
	Stakeholders	GRAP to ensure effective capital asset management (PPE; Intangible; Investment Property and Heritage Assets)	report on non-compliance with GRAP)							
TL22	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Maintain an financially unqualified audit opinion (2013-2014: Attain an unqualified/clean audit opinion)	Financial statements considered free from material misstatements as per Auditor General report (2013-2014: Unqualified or Clean audit)	1	Clean Audit report received for 2012/2013	1	1	G	No misstatements on Financial statements for 2013/2014 financial year	Target met

Corporate Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL23	To create an enable environment for economic growth in the tourism industry and uplifting communities	Implementation of the Local Economic Development and Tourism Strategy	Number of LED interventions/ activities / programmes implemented	4	During the financial year 12 Local Economic Development (LED) interventions/activities / programmes were implemented	12	24	B	For the 2014-2015 financial year, 24 interventions/activities/ programmes were implemented to promote Local Economic Development	Target met
TL24	Improve employee skills levels in their respective positions to improve service delivery	The percentage (%) of the municipality's training budget spent, measured as Total Actual Training Expenditure/Approved Training Budget x 100 (2013-2014: The % of the municipality's training budget spent, measured as Total Actual Training Expenditure/Approved Training Budget x 100)	Percentage (%) of budget spent on scheduled training within the financial year (2013-2014: % of budget spent on scheduled training within the financial year)	100%	96% of training budget spent during the 2013/2014 financial year	80%	86%	G2	86% of training budget spent for the 2014/2015	Target met

Corporate Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL25	Improve employee skills levels in their respective positions to improve service delivery	The percentage (%) of appointments made in the three highest levels of management which comply with the Employment Equity Plan, measured by Number of appointments in the three highest levels of management, which comply with the Employment Equity targets/ Total appointments made in three highest levels of management x 100. (2013-2014: The % of appointments made in the three highest levels of management which comply with the Employment Equity Plan, measured by Number of	The percentage (%) of appointments made in the three highest levels of management approved Employment Equity Plan (2013-2014: % of appointments made in the three highest levels of management approved Employment	90%	22,22% of appointments made in line with Employment Equity Plan of the financial year	30%	50%	B	50% of appointments made in the 2014/15 financial year was done in line with the Employment Equity plan. (12 appointments made, 6 in line with the Employment Equity plan)	Target met

Corporate Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
		appointments in the three highest levels of management, which comply with the Employment Equity targets/ Total appointments made in three highest levels of management x 100.)	Equity Plan)							
TL26	To create an enable environment for economic growth in the tourism industry and uplifting communities	The number of temporary jobs created through the municipality's local economic development EPWP projects, measured by the number of people temporary employed in the EPWP programmes for the period.	Number of people temporary employed in the EPWP programs	400	During the financial year 687 temporary job opportunities were created	400	465	G2	A total of 465 Job opportunities was created for the year	Target met

Corporate Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL27	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	No findings raised on audit of Predetermined Objectives	Zero (0) material findings in the Auditor General's audit report on Predetermined Objectives		New KPI	0	0	G	No findings in Auditor-General's report	Target met

Community Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL28	To maintain and develop new sport and recreational facilities and amenities that are accessible by all people of Mossel Bay	Sports fields are maintained measured by the percentage (%) of the maintenance budget spent (2013-2014: Sports fields are maintained measured by the % of the maintenance budget spent)	Percentage (%) of Sport maintenance budget spent (2013-2014: % of Sport maintenance budget spent)	90%	95% of sport maintenance budget spent	90%	82.4%	O	82.32% of maintenance budget spent	Due to unexpected rain, the winter maintenance program did not proceed as planned.
TL29	To manage land use in the Mossel Bay Municipal area	Effective maintenance of refuse removal assets i.t.o approved budget (2013-2014: Effective maintenance of refuse removal assets i.t.o approved budget)	Percentage (%) of waste management maintenance budget spent (2013-2014: % of waste management budget spent)	90%	95% of refuse removal maintenance budget spent	90%	90.4%	G2	90.4% of maintenance budget spent	Target met

Community Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL30	To manage land use in the Mossel Bay Municipal area	Preparation of beaches to adhere to the standards set out by the International Blue Flag Organisation to maintain Blue Flag status (2013-2014: Complete projects to achieve blue flag status)	Blue Flag status maintained at 4 beaches receiving a 3 Star Grading or higher on the International Blue Flag Organisation's inspection (2013-2014: Blue Flag status achieved at 4 beaches)	4	Blue Flag status achieved at 4 beaches	4	4	G	Blue Flag status achieved	Target met
TL31	To provide an efficient, safe, prompt and economical public protection, firefighting and rescue service that are in line with the risks and needs of the community	Annual Review of the Disaster Management Plan by end November (2013-2014: Annually Review of the Disaster Management Plan incorporating risk reduction investigation to ensure level 1 compliance in conjunction with the district municipality and submit to District by end October)	Plan completed and submitted to Council (2013-2014: Plan completed and submitted to Council)	1	Plan approved by Council	1	1	G	Disaster Management Plan approved by Council	Target met

Community Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL32	To manage land use in the Mossel Bay Municipal area	Provision of free basic refuse removal and solid waste disposal to registered indigent account holders in the Mossel Bay area	No of indigent account holders receiving free basic refuse removal monthly	6300	6 447 Indigent Households received free basic refuse removal for the month of June 2014	6,300	6,497	G2	6497 Indigent households are receiving free basic refuse removal	Target met
TL33	To manage land use in the Mossel Bay Municipal area	Provision of refuse removal and solid waste disposal to all residential account holders in the Mossel Bay area	No of formal residential properties for which refuse is removed at least once a week	29700	31 389 Formal Residential properties received refuse removal for the month of June 2014	30,000	32,179	G2	32179 households are receiving refuse removal services	Target met

Planning and Integrated Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL34	To facilitate access to affordable and quality housing to all the residents of Mossel Bay	Update the Integrated Human Settlement Plan	Plan submitted to Council	1	The plan is updated accordingly in line with Council decision at the end of March 2014 with the revised housing pipeline and new plans for the Louis Fourie corridor.	1	1	G	Plan adopted by Council at the end of April 2015	Target met
TL36	To maintain and upgrade municipal assets and equipment required for service delivery	The maintenance of the Municipal Buildings measured by the % of budget spent of the approved budget for Municipal Buildings and Land	Percentage (%) spent of maintenance budget as per approved budget for Municipal Buildings and Land		New KPI	90%	98.9%	G2	Above target	Target met

Planning and Integrated Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL37	To provide a public transport and services road infrastructure to the community of Mossel Bay and its tourist	Municipal roads capital spending measured by the percentage (%) of budget spent	Percentage (%) spent of approved roads capital projects as approved budget	90%	The road capital spending is well above target	90%	86.2%	○	Under spending due to increase in grant funding as per adjustment budget. Disaster Relief Funding was only received in February 2015. These projects could subsequently only start in March and completion is only due in the 2015/16 financial year.	Funds to be rolled over to the next financial year. The designs of all projects are completed and the contractor will be appointed as soon as the SCM process is complete. Projects targeted for completion during the 2015/16 financial year.

Technical Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL38	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Electricity capital spending measured by the percentage (%) of budget spent (2013-2014: Electricity capital spending measured by the % of budget spent)	Percentage (%) spent of approved electricity capital projects (2013-2014: % spent of approved electricity capital projects)	90%	98% of approved electricity capital projects spent. Expenditure: R21 361 811 Budget: R21 793 595	90%	97.3%	G2	97.3% of approved electricity capital projects spent. As per finance report dated 26/08/2015. Budget R22 953 033 Expenditure: R22 326 665	Target met
TL39	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Effective management of electricity provisioning systems evaluated i.t.o. electricity losses (2013-2014: Effective management of electricity provisioning systems evaluated i.t.o. electricity losses)	Percentage (%) of electricity losses calculated on a twelve month rolling period as kWh sold/kWh purchased (2013-2014: % of electricity losses calculated as kWh sold/kWh purchased.)	10%	7,63% of electricity losses calculated as kWh sold/kWh purchased	10%	6.67%	B	6.67% of electricity losses calculated on a twelve month rolling period	Target met

Technical Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL40	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Effective management of water provisioning systems to minimise water losses by implementing measures to reduce water losses (2013-2014: Effective management of water provisioning systems to minimise water losses by implementing measures to reduce water losses)	Percentage (%) water losses calculated on a twelve month rolling period as KL billed/KL used (2013-2014: % calculated as KL billed / kl used on monthly basis)	15%	12,24% water losses for the financial year 2013-2014	15%	16.7%	R	The percentage (%) water losses calculated is for the financial year 2014-2015 Purification volume provided by Technical Services. Volume billed provided by Finance department.	The following projects were implemented during the 2014/2015 financial year to curb the water losses. 1.649 old / defective residential water meters were replaced with new water meters 2.200 Automatic meter reading devices were installed at households 3.In total 2.02km of water pipelines of various diameters was replaced throughout the municipal area

Technical Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL41	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Excellent water quality measured by the quality of water as per SANS 241 criteria (2013-2014: Excellent water quality measured by the quality of water as per SANS 242 criteria)	Percentage (%) water quality level as per blue drop project as measured annually (2013-2014: % water quality level as per blue drop project)	90%	98,32% water quality level as per Blue Drop Project	95%	99.09%	G2	Water quality at 99.09%	Target met
TL42	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Quarterly capital spending on waste water management. (2013-2014: Monthly capital spending on waste water management.)	Percentage (%) of spent approved budget of sanitation capital projects as per approved budget (2013-2014: % of spent approved budget of sanitation capital projects as per approved budget)	90%	Budget : R15736578,00 Actual expenditure: R14585451,00 = 92,68%	90%	96.3%	G2	As per finance report dated 26/08/2015 Expenditure: R17 268 358 Budget: R17 937 850	Target met

Technical Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL43	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Water capital spending measured by the percentage (%) of budget spent (2013-2014: Water capital spending measured by the % of budget spent)	Percentage (%) spent of approved water capital projects as per approved budget (2013-2014: % spent of approved water capital projects as per approved budget)	90%	Budget : R11 745 343 Actual expenditure: R10 170 446 =86,59%	90%	98.5%	G2	As per finance report dated 26/08/2015 Expenditure: R19 806 948 Budget: R20 104 347	Target met
TL44	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of free basic electricity to registered indigent account holders connected to the municipal electrical infrastructure network	No of indigent account holders receiving free basic electricity which are connected to the municipal electrical infrastructure network	6100	5 947 Indigent account holders received free basic electricity as on 30 June 2014	6,100	6,891	G2	6891 households received the 50 kWh free electricity, this included 965 poor households	Target met
TL45	To create an environment for offering basic services to all	Provision of electricity to formal residential properties connected to the municipal electrical infrastructure network	No of formal residential properties connected to the municipal electrical infrastructure network	29000	29 290 Formal residential properties receiving electricity as on 30 June 2014	29,000	30,673	G2	30673 formal households are connected to the grid	Target met

Technical Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
	communities in the Mossel Bay municipal area	for both credit and prepaid electrical metering.								
TL46	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of electricity to informal residential properties in the JCC Asazani and Endlovini ASLA areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering.	No of residential pre-paid meters registered on the Promun Financial system in the JCC Asazani and Endlovini ASLA informal areas that meet agreed service standards	500	669 residential pre-paid meters registered	550	660	G2	660 informal households are connected to the electrical infrastructure network for prepaid electricity. It should be noted that this figure includes 98 households in the Powertown area.	Target met
TL47	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of free basic sanitation services to registered indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).	No of indigent account holders receiving free basic sanitation in terms of Equitable share requirements.	5300	5 399 Indigent account holders receiving free basic sanitation as on 30 June 2014	5,500	5,331	O	5331 households are receiving an indigent subsidy for sewerage	Some indigent subsidies has been cancelled due to non compliance with the criteria

Technical Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
TL48	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of sanitation services to residential properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).	No of residential properties which are billed for sewerage in accordance with the Promun financial system.	25000	26 097 residential properties receiving sewerage for the month as on 30 June 2014	25,500	26,623	G2	26623 households are connected to the sewerage network	Target met
TL49	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of clean piped water to registered indigent account holders which are connected to the municipal water infrastructure network.	No of indigent account holders receiving free basic water	6400	6 491 Indigent account holders receiving free basic water as on 30 June 2014	6,400	6,528	G2	6528 Indigent households are receiving free basic water	Target met
TL50	To create an environment for offering basic services to all	Provision of clean piped water to formal residential properties which are connected to the municipal water infrastructure network	No of formal residential properties that meet agreed service standards for piped water	30000	31 085 Formal residential properties that meet agreed service standards for piped water	30,500	31,888	G2	31888 households are connected to the water infrastructure	Target met

Technical Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2013 - 2014	Performance 2014-2015				
						Target	Actual	R	Comments	Corrective Measures
	communities in the Mossel Bay municipal area									
TL51	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of clean piped water to informal areas by means of water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system.	No of water stand pipes in informal areas	47	47 bulk meters are installed in the informal areas	47	78	B	78 water standpipes in informal areas are registered on the financial system	Target met

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

The Human Resources Sub-Directorate strives to ensure, through effective policies and procedures, continuity of suitably trained staff in key posts and to ensure that someone is always available to fulfil any particular job in the municipal service, even in the event of illness, resignation or death. Training programmes and interventions are therefore undertaken on a regular and in an orderly way as planned in the Workplace Skills Plan.

Staff are assisted and equipped by means of training programmes and interventions to meet their performance goals which are aligned with the goals of the overall department and the organisation.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

For the Municipality to be successful in reaching its objectives, render services as required in the community and maintain a knowledgeable and skillful workforce, it is important to operate according to a sound and transparent staffing policy. It is also important for the Municipality to staff its establishment with the best available employees for a particular post. The principle of sound labour relations and employment equity forms an indispensable part of this process. This process of recruitment and selection enable the Municipality to recruit suitable candidates to appoint in specific posts in order to deliver the required services to the community and to help developing the municipal area and its residents optimally

Recruitment Categories and Numbers: 1 July 2014 to 30 June 2015

Recruitment according to occupational levels for the period 1 July 2014 to 30 June 2015 (including people with disabilities):

Total number of new recruits, including people with disabilities									
Note: A=Africans, C=Coloured, I= Indian, W=White									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	1	0	0	0	0	1
Senior Management	0	0	0	1	0	0	0	1	2
Professionally qualified and experienced specialists and middle management	1	0	0	2	1	1	0	1	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	7	0	11	1	0	0	1	20
Semi-Skilled and discretionary decision making	1	2	0	1	3	5	0	2	14
Unskilled and defined decision making	5	21	0	5	0	2	0	0	33
Total Permanent employees	7	30	0	21	5	8	0	5	76

For the period 1 July 2014 to 30 June 2015 a total of 76 employees were recruited against a total of 56 for the previous reporting period from 1 July 2013 to 30 June 2014.

Promotions

Promotions according to occupational levels for the period 1 July 2014 to 30 June 2015 (including people with disabilities):

Total number of promotions into each occupational level, including people with disabilities									
Note: A=Africans, C=Coloured, I= Indian, W=White									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and middle management	0	0	0	0	0	0	0	2	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	7	0	3	0	5	0	0	19
Semi-Skilled and discretionary decision making	2	2	1	2	0	1	0	2	10
Unskilled and defined decision making	0	3	0	1	0	1	0	0	5
Total Permanent employees	6	12	1	7	0	7	0	4	37

For the period 1 July 2014 to 30 June 2015 a total of 37 employees were promoted against a total of 18 for the previous reporting period from 1 July 2013 to 30 June 2014. This extraordinary increase in promotion of internal staff into higher position can be ascribed to effective and efficient training programmes undertaken by the Municipality.

For the past years students and interns were taken in and trained in various departments through the Municipality. After a periode of uninterrupted service of six months, these employees are regarded as internal staff and can compete with internal staff for appointment in vacant positions on condition that they meet all the requirements of posts advertised. The Municipality has a high rate of success with these students as they are trained in a number of areas and disciplines in the Municipality during their training period.

Terminations

Terminations according to occupational levels for the period 1 July 2014 to 30 June 2015 (including people with disabilities):

Total number of terminations per occupational level, including people with disabilities									
Note: A=Africans, C=Coloured, I= Indian, W=White									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
Top Management	0	1	0	1	0	0	0	0	2
Senior Management	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and middle management	0	3	0	2	0	0	0	1	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	5	0	6	0	3	0	0	15
Semi-Skilled and discretionary decision making	3	8	0	0	0	1	0	1	13
Unskilled and defined decision making	4	12	0	1	2	4	0	0	23
Total Permanent employees	8	29	0	11	2	8	0	2	60

For the period 1 July 2014 to 30 June 2015 the services of 60 employees were terminated against a total of 58 for the previous reporting period of 1 July 2013 to 30 June 2014.

Number of terminations per termination category:

Termination Category	Number of Terminations
Resignation	25

Non-Renewal of Contract	1
Retrenchment – operational requirements	0
Dismissal due to misconduct	13
Dismissal due to incapacity	6
Retirement	13
Death	2
Total	60

People with Disabilities

The rights of people with disabilities are protected in the Constitution and by using the Constitution as a foundation and the Employment Equity Act, there is a responsibility on the Municipality to attempt to employ people with disabilities.

A total of 12 people with disabilities are employed by the Municipality as on 30 June 2015 against 11 people for the reporting period ending 30 June 2014.

Total number of people with disabilities									
Note: A=Africans, C=Coloured, I= Indian, W=White									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	1	0	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and middle management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	2	0	0	0	0	2
Semi-Skilled and	1	1	0	1	0	0	0	0	3

Total number of people with disabilities									
Note: A=Africans, C=Coloured, I= Indian, W=White									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
discretionary decision making									
Unskilled and defined decision making	1	3	0	2	0	0	0	0	6
Total Permanent employees	2	4	0	6	0	0	0	0	12

Workforce Profile (Total Number of Employees)

Total number of employees per occupational level, including people with disabilities									
Note: A=Africans, C=Coloured, I= Indian, W=White									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
Top Management	0	1	1	3	0	0	0	1	6
Senior Management	1	2	0	14	0	1	0	5	23
Professionally qualified and experienced specialists and middle management	2	2	0	8	3	3	1	9	28
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	35	78	1	67	11	27	0	18	237
Semi-Skilled and discretionary decision making	20	42	1	13	17	58	0	24	175
Unskilled and defined decision making	125	198	0	23	13	25	0	1	385
Total Permanent employees	183	323	3	128	44	114	1	58	854

The workforce profile excludes contractual appointments in vacant posts and students (Interns). At the previous reporting period a total workforce of 828 was reported against a total workforce of 854 for the period ending 30 June 2015. The recruitments for this reporting period is quite higher than the previous period ending 30 June 2014, which resulted in the higher total workforce.

Approved, Vacant and Vacant Posts Budgeted for:

An organogram (staff establishment) is a structure which indicates the structure and functions within a municipality. It is therefore important, and also required by legislation, that the Municipality's staff establishment be revised annually.

The macro structure was revised and approved during the reporting period and consists of the following directorates:

1. Office of the Municipal Manager.
2. Directorate Financial Services.
3. Directorate Corporate Services.
4. Directorate Community Services.
5. Directorate Technical Services.
6. Directorate Planning and Integrated Services.

The micro structure is revised on a regular basis to ensure effective and efficient service delivery.

The table below reflects the status of filled and vacant posts as on 30 June 2015:

Occupational Level	Number of Posts approved on organogram	Posts filled	Vacant posts not budgeted for	Vacant post budgeted for
Section 56 and 57	7	6	0	1
Senior Management	26	23	1	2
Professionally qualified and experienced specialists and middle management	29	28	1	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	393	237	132	24
Semi-Skilled and discretionary decision making	295	175	110	10
Unskilled and defined decision making	621	385	218	17
Total	1371	854	462	54

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2012/2013	872	87	9,97%
2013/2014	890	58	6,51%
2014/2015	944	60	6.35%

COMMENT ON VACANCIES AND TURNOVER

When a macro and micro structure (organogram) is compiled for an organisation, it is done with future growth and specific needs taken into consideration. Because Mossel Bay is a fast growing, trend setting and dynamic municipality the same principle was applied when the micro structure was reviewed during 2014. Although future needs are taken into consideration, the budget limitations determine the number of vacant and new posts to be filled during a financial year.

A high employee turnover rate, which refers to the number or percentage of employees who leave the Municipality and are replaced by new employees, is an expensive problem. It costs money to recruit and train each new employee.

The table below shows that the number of new appointments increased over the last three financial years whilst the number of terminations is more or less constant. The number of appointments is almost double the number of terminations for the 2014/2015 period, which is a clear indication that the Mossel Bay Municipality focuses on service delivery, which is only possible if vacant posts are filled with suitable and competent staff.

It remains a challenge to fill vacant technical posts with suitably qualified candidates who are members of the designated and under-represented groups as defined in the Employment Equity Act in spite of efforts made to reach the targets as set out in the Employment Equity Plan.

Because of the much lower salary scales in terms of the TASK grading system compared to the previous salary system used, attracting suitably qualified and competent candidates to fill vacant posts, became quite a challenge. To counter this lower salary scales, and in an attempt to retain qualified and competent staff, the Mossel Bay Municipality implemented a Scarce Skills Policy in an attempt to retain employees with skills. A Rapid Promotion Scheme for Process Controllers was also approved by Council where internal staff can be promoted to higher posts if the employee possesses the required qualification and classification and if the posts are on the approved organogram and the post is budgeted for. This policy is also a tool to encourage internal staff to develop themselves to the benefit of the employee as well as the employer.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

It is hardly possible to maintain a high level of service delivery and adhering to the duties imposed by the Constitution and Batho Pele Principles on public servants, if sound discipline in the workplace is not maintained. The Municipality of Mossel Bay takes pride in its commitment to ensure sound discipline in order to deliver the best quality of service to the community.

The staffing policy with its main objective to recruit suitable candidates to appoint in specific posts in order to deliver the required services to the community, and to help developing the municipal area and its residents optimally, embodies various actions as part of a holistic process.

Advertisements, recruitment, selection, promotions and transfers all form part of staffing. Management, Line Managers, Human Resources, Council and Trade Unions are involved in the entire process and the policy endeavours to enable such role players to perform their allotted responsibilities as effective and efficient as possible.

Apart from managing discipline from an urgency and fairness perspective, employees are regularly informed by means of meetings, newsletters, pamphlets included in pay slips as well as informal training through workshops. Annual workshops regarding approved policies and procedures are conducted with all employees to ensure that employees are informed of the stipulations and amendments of approved policies.

Managers are also regularly informed and advised of trends and equipped with knowledge to manage poor discipline. Continuous action is taken to reduce the high level of sick leave. Regular incapacity investigations are held, if an above-average sick leave use is identified, to detect possible sick leave abuse and/or to identify cases which qualify for medical boarding.

The procedure as prescribed in the Labour Relations Act and Employment Equity Act is followed to ensure compliance with said legislation.

4.2 POLICIES

	Name of Policy	Approved by Council / Not Approved
1	Staffing Policy	Approved
2	Employee Assistance Policy	Approved
3	Occupational Health and Safety Policy	Approved
4	Scarce Skills Policy	Approved
5	Leave Policy	Approved
6	Travel and Subsistence Policy	Approved
7	Smoking Policy	Approved
8	Dress Code	Approved
9	Private Work	Approved
10	Disciplinary Code and Procedures	Approved
11	Grievance Procedures	Approved
12	Overtime Policy	Approved
13	Organisational Rights Agreement	Approved
14	Induction Programme	Approved
15	Relocation Costs	Approved
16	Acting Allowances Policy	Approved
17	Catering Policy	Approved
18	Employee Study Aid Policy	Approved
19	External Study Bursary Policy	Approved
20	Farewell Policy	Approved
21	Gift Policy	Approved
22	Registration of Dependents on Medical Aid	Approved
23	Payment of Professional Registration Fees	Approved
24	Strike Contingency Plan and Picketing Rules	Approved
25	Unauthorised Absence and Abscondment Policy	Approved
26	Retirement Policy	Approved
27	Recognition of Long Service	Approved
28	Skills Development	Approved
29	Rapid Promotion Scheme for Process Controllers	Approved

4.3 INJURIES, SICKNESS AND SUSPENSIONS

During the year under review the implementation of safe work procedures started in the various directorates in order to minimise injuries on duty within the respective departments. However, the implementation of the procedures led to an increase in the amount of injuries on duty due to employees that need to adapt their daily operation in order to adhere to the procedures laid out for implementation.

In February 2015 the injuries on duty were at its annual peak and awareness training were implemented immediately in order to lower the injury rate for the latter part of the financial year. Induction awareness training was done in February 2015 in order to lower the injury rate as the awareness training would make employees more alert of their working

environment and to identify hazards as the time progresses. Also new employees were inducted to ensure that they are fully aware of hazards and risk in the workplace and how to handle each situation pertaining to the hazards involved in terms of occupational health and safety.

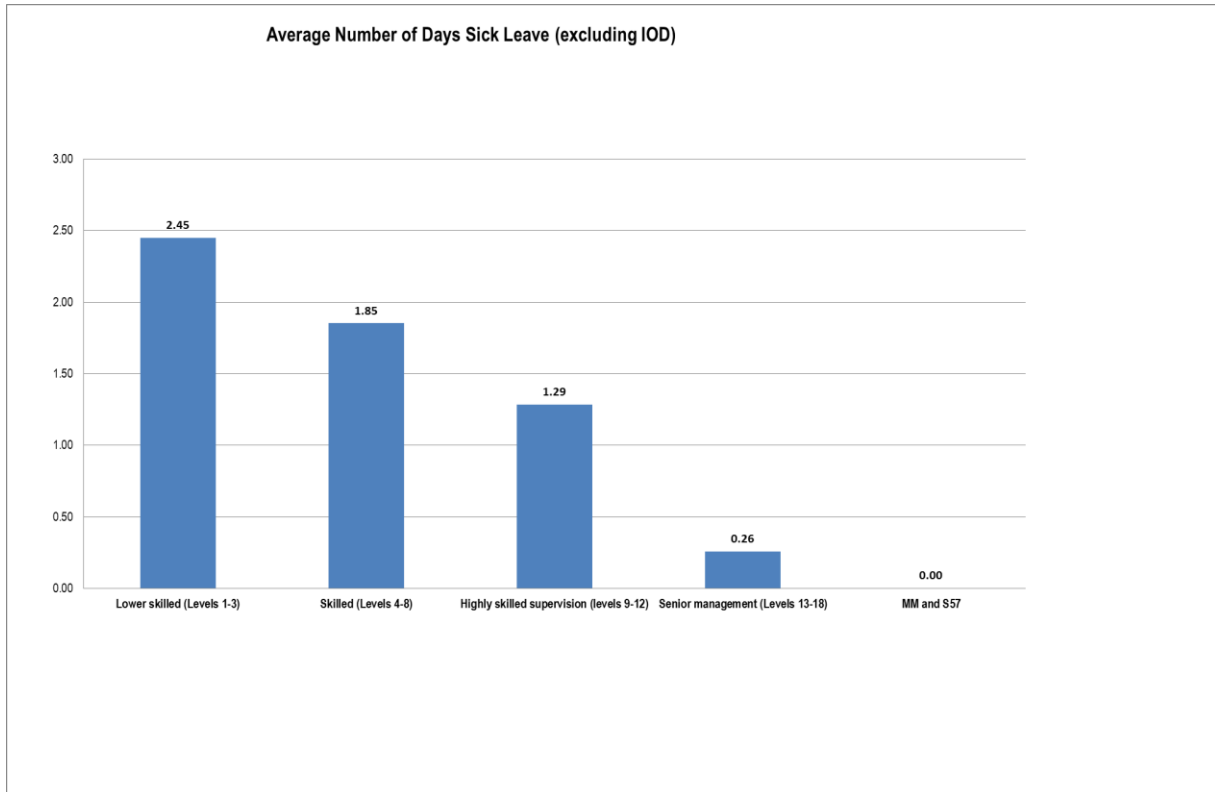
Monthly health and safety committee meetings remain a standing item to establish a good standard of eliminating unsafe acts and conditions and maintain the injury rate as low as reasonably practicable and to monitor the rectification of outstanding Occupational Health and Safety matters. Toolbox talks are conducted to ensure that workers stay focused on a healthy and safe workplace and to improve the culture in terms of everyone's responsibility towards health and safety in the workplace.

Injuries reported to the Compensation Commissioner for the year and comparative year on year can be viewed below:

Injuries Reported to the Compensation Commissioner			
MONTH	2012 – 2013	2013 – 2014	2014 – 2015
July	4	3	6
August	10	3	5
September	5	5	3
October	4	4	7
November	8	6	3
December	1	7	4
January	0	9	5
February	12	11	12
March	7	4	10
April	4	1	7
May	4	1	7
June	2	2	6
Total Injuries	61	56	75

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-3)	2108	5%	230	381	2.45	
Skilled (Levels 4-8)	1593	12%	181	178	1.85	

Highly skilled supervision (levels 9-12)	1106	15%	97	220	1.29	
Senior management (Levels 13-18)	222	25%	29	74	0.26	
Municipal Manager and S57	3	0%	1	7	0.00	
Total	5032	12%	538	860	5.85	0



COMMENT ON INJURY AND SICK LEAVE

Sick leave is monitored on a continuous basis by monitoring employees who take more than 12 days sick leave during a 12-month or shorter period. If needed, incapacity consultations are conducted with these employees to determine the cause of the above-average sick leave use. During these investigations and consultation, employees who may be disciplined if sick leave is abused are identified. Where employees encounter health challenges or a possible incapacity arise, these employees are referred to an Occupational Health Practitioner for a complete medical evaluation, to determine the way forward.

Because sick leave is monitored on a regular and continuous basis, the number of employees using sick leave decreased from 648 for the period ending 30 June 2014 to 538 for the period ending 30 June 2015. The total days sick leave taken decreased from 6127 to 5032.

During February 2015 the injuries on duty were at their annual peak and awareness training was implemented immediately in order to lower the injury rate for the latter part of the financial year. Induction awareness training was held in February 2015 in order to lower the injury rate as the awareness training would make employees more alert of their working environment and to identify hazards as the time progresses. Also new employees were inducted to ensure that they are fully aware of hazards and risk in the workplace and how to handle each situation pertaining to the hazards involved in terms of occupational health and safety.

In spite of toolbox talks, awareness programmes and focussed induction training for new employees, the Injuries on duty reported for the 2014/15 period are still much higher than the previous period (2013/14).

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
General Assistant	Absent without leave	2014/07/31-2014/08/14	Finalised - suspension 10 days	22/07/2014
General Worker	Sick leave abuse	2014/09/17-2014/09/30	Finalised - suspension 10 days	15/09/2014
General Assistant	Absent without leave	2014/10/21-2014/10/23	Finalised - suspension 3 days	16/10/2014
Artisan (Plumber)	Gross dishonesty	2014/11/12-2014/11/19	Finalised - suspension 6 days	30/10/2014
General Assistant	Rude behaviour to supervisor	2014/11/13-2014/11/20	Finalised - suspension 6 days	11/11/2014
General Assistant	Under influence of alcohol	2014/11/17-2014/11/24	Finalised - suspension 6 days	13/11/2014
General Worker	Absent without leave	2014/11/03-2014/11/14	Finalised - suspension 10 days	30/10/2014
General Assistant	Absent without leave	2014/11/03-2014/11/07	Finalised - suspension 5 days	30/10/2014
Law Enforcement Officer	Under influence of alcohol	2015/03/07-2015/03/12; 2015/03/16 - 2015/03/19	Finalised - suspension 10 days	05/03/2015

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Cadet Fire Fighter	Rent Subsidy Fraud	Resignation clause 9.1 of the Disciplinary Code	31/08/2014
Cadet Fire Fighter	Rent Subsidy Fraud	Resignation clause 9.1 of the Disciplinary Code	16/10/2014
General Assistant	Rent Subsidy Fraud	Dismissed	19/05/2014

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

Although the Labour Relations Section did not for the period 1 July 2014 to 30 June 2015 temporarily suspend any employee pending a disciplinary hearing in terms of the provisions of Rule 14.1 of the Disciplinary Procedure and Code Collective Agreement, it did opt on two occasions to rather utilise employees temporarily in another capacity pending an investigation.

One of the sanctions that can be imposed at a disciplinary hearing is that of a suspension without pay for a maximum of ten (10) working days in terms of the stipulations of Rule 7.5.8.3 of the Disciplinary Procedure.

The Labour Relations Section plays a key role in the implementation and maintenance of sound discipline by thoroughly and speedily investigate all allegations of misconduct. The objective of the Labour Relations Section in the Human Resources Sub-Directorate is to at all times comply with section 1(d) (iv) of the Labour Relations Act, 66 of 1995 which requires that disputes be resolved quickly and effectively. Strict action is taken to enforce the standards of discipline and service delivery that is endorsed by the Constitution of the Republic of South Africa, Act 108 of 1996, on all public entities. Consistency and fairness form the cornerstone of each and every disciplinary action taken and the guidelines set in the items contained in Schedule 8 of the Labour Relations Act (Code of Good Practice) are followed at all times. This Municipality has a zero-tolerance attitude towards dishonesty-related offences such as corruption, fraud, theft and unauthorised possession of the employer's property. In line with this zero-tolerance policy, all employees who committed dishonesty-related offences such as fraud, corruption, falsification of records and finance-related offences were dismissed.

4.4 PERFORMANCE REWARDS

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Capacity Development and Human Capital retention is one of the areas where this Municipality is focussed to align itself with the national key performance area “Municipal Transformation and Institutional Development by building positive human resource relationships”.

The capacity building opportunities offered by various government Departments are utilised to empower and develop personnel who aspire to middle and senior management. The National Skills Development Strategy focuses strongly on artisan development, and technical expertise, which is central to good service delivery for municipalities.

A Succession Planning and Career Pathing Policy has been developed to outline the process for implementation. It creates a platform for employees to apply to be included in the program, and stimulate the appetite for self-development.

Challenges: Balancing the service delivery key performance of the organisation with personnel development poses a challenge to the operations of the Municipality as both are important but Service Delivery takes precedence because it is the mandate of the organisation.

The challenge that the organisation faces with succession planning is managing the attitude of skills transfer without mature employees feeling intimidated or fearful of becoming obsolete in assisting new market entrants.

4.4 SKILLS DEVELOPMENT AND TRAINING

The year 2014/15 saw a turnaround in the focus of training within the Mossel Bay Municipality. Focus on formal qualifications means that staff will study over a longer period of time to obtain their qualifications. A total of 404 employees received training during 2014/15.

A new intake of 25 Construction SETA-sponsored apprenticeships were offered to officials in the Technical Department, of which the Municipality funded 13 Recognition of Prior Learning (RPL) opportunities.

Artisan Development

Seven technical trade interventions were executed during the 2014/15 financial year of which three were apprenticeships, two Recognition of Prior Learning and one assessment for trainability in a specific trade with a beneficiary total of 55.

Artisan Development					Assessment	RPL	
Year	Plumbing NQF 4	Carpentry	Bricklaying	Electrical	Mechanical Fitter	Water & Waste Water	Electrician
2013/14	14	7	3				
2014/15	9	0	7	14	5	16	4

Personal Development

Annual opportunities are offered to officials who want to further develop themselves. Eleven bursaries to officials in the amount of R80 000 were allocated.

Internships

A total of 15 internships were offered to graduates in municipal-related fields within the Directorate Corporate Services and a further five opportunities are maintained within the Directorate Financial Services.

The objective of the Intern Programme is to:

- Provide these students with skills to add to their Curriculum Vitae.
- Add value to the functionality of the Municipality with the human resources they can provide.
- Make these students job ready and equip them with necessary skills for the workplace.

Internships in the Directorate Corporate Services for the period 1 July 2014 to 30 June 2015					
Socio-Economic Development	Local Economic Development	Human Resources	Information Technology/GIS	Change Management	Support Services
4	2	3	1	4	1

Distance Learning

Seventeen (17) learners were enrolled for distance learning in the Water and Waste Water Department.

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	0	1
Chief financial officer	1	0	1	0	0	0
Senior managers	5	0	5	0	0	5
Any other financial officials	28	0	28	0	0	14
Supply Chain Management Officials	7		7			
Heads of supply chain management units	1	0	1	0	0	1
Supply chain management senior managers	4	0	4		0	2
TOTAL	47	0	47	0	0	23

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

The Mossel Bay Municipality budgeted R1 000 000 for development of staff. The total value of training, which includes own funds, donor funds and a SETA-sponsored programme, amounts to R2 587 205.

Distance learning programmes proved to be a good option for the development of staff who have excessive workloads. However, examination centres within regions are proving to be a challenge.

For financial managers to comply with the Regulations for Minimum Competency by 30 September 2015 spurned a last effort from the Municipality to give all officials who must comply a final opportunity. A blended mode of training was rolled out with concerted efforts by officials to be successful. To date 47 beneficiaries were enrolled. A total of 21 officials are filling their gaps for full compliance by compliance date.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.5 EMPLOYEE EXPENDITURE

The management of employee expenditure is an important function in every organisation, and the Mossel Bay Municipality is no exception. Effective management of employee expenditure is achieved by applying sound management principles and the continuous revision and application of policies and procedures.

The table below reflects the number of employees whose salaries were increased due to their positions being upgraded. This is done by the Tuned Assessment of Skills and Knowledge (TASK) system, which is the recognised job evaluation system within the local government sector as approved by the National Executive Committee of the South African Local Government Association (SALGA).

The purpose of the TASK job evaluation system is to achieve uniform norms and standards in the description of similar jobs and their grading and to underpin job comparison.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	3
	Male	55
Highly skilled production (Levels 6-8)	Female	1
	Male	6
Highly skilled supervision (Levels 9-12)	Female	3
	Male	2

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Senior management (Levels13-16)	Female	1
	Male	5
Municipal Manager and S 57 appointments	Female	0
	Male	0
Total		76

Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remunerati on level	Reason for deviation
Secretary/Executive Secretary	4	T7/T6	C9/C10	Retain salary with implementation of TASK grading system
Senior Clerk	3	T7	C9	Retain salary with implementation of TASK grading system
Clerk	5	T6	C10	Retain salary with implementation of TASK grading system
Human Resource Officer	1	T11	C6	Retain salary with implementation of TASK grading system
Examiner of Vehicles	1	T9	C9/C8	Retain salary with implementation of TASK grading system
Assistant Superintendent	2	T11	C6/C7	Retain salary with implementation of TASK grading system
Library Assistant	1	T6	C9	Retain salary with implementation of TASK grading system
Library Aid	1	T4	C13	Retain salary with implementation of TASK grading system
Manager	5	T14	C3	Retain salary with implementation of TASK grading system
Assistant Manager	1	T11	C5	Retain salary with implementation of TASK grading system
Foreman	2	T9	C9	Retain salary with implementation of TASK grading system
Interpreter	1	Not evaluated	C6	Job content not yet evaluated
Snr Clerk/Cashier	1	T6	C6	Retain salary with implementation of TASK grading system
Environmental Officer/Environmental	2	T11	C6/C5	Retain salary with implementation of TASK grading system
Superintendent/Snr Superintendent	1	T13	C4	Retain salary with implementation of TASK grading system
Youth Coordinator	1	T9	C6	Retain salary with implementation of TASK grading system
Administrative Officer/Snr Administrative Officer	2	T11	C6/C5	Retain salary with implementation of TASK grading system
Tractor Driver/Truck Driver	3	T5/T6	C11	Retain salary with implementation of TASK grading system

Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Process Controller	9	T7	C8/C12	Retain salary with implementation of TASK grading system
Handyman	1	T5	C12	Retain salary with implementation of TASK grading system
Artisan	1	T10	C9	Retain salary with implementation of TASK grading system
Assistant Accountant	1	T9	C7	Retain salary with implementation of TASK grading system
Network Technician	1	T11	C6	Retain salary with implementation of TASK grading system
Storeman	1	T6	C7	Retain salary with implementation of TASK grading system
Supervisor	1	T8	C9	Retain salary with implementation of TASK grading system

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None				

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

With the implementation of the TASK salary grading system on 1 July 2010, employees whose existing basic salary is higher than the maximum notch of the TASK grade as determined by the job evaluation process, retain their basic salary. However, when these posts become vacant, the vacant posts are advertised on the evaluated TASK grade. An employee on a contractual-to-holder salary scale, does not qualify for any annual notch increases, except for the general annual increase effective on 1 July of each year.

Job contents (Job Descriptions) are evaluated on a continuous basis. If a job has changed substantially and permanently, a job incumbent or the relevant manager, may make an application through the relevant Director for re-evaluation of the job content, provided that the duties were performed for more than 6 months. When an organogram changes, job descriptions must be amended due to the changed functionalities. If changes are substantial and permanent, a request for re-evaluation must be submitted.

Job descriptions are evaluated by the Local Job Evaluation Unit for the Eden and Central Karoo District Regions and audited by the Provincial Audit Committee established by SALGA.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance.
- Component B: Spending Against Capital Budget.
- Component C: Other Financial Matters.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The overall performance of the Municipality exceeded expectations. The operational revenue measured against budget is below the budget by R15,6 million. If the transfer revenue is taken out of the equation, the budget would have been exceeded by R40,9 million, of which the largest contributors are the service charges with R26,8 million followed by interest on external investments with R5,9 million.

The operational expenditure measured against budget is R40 million below budget. Excluding the expenditure on operational grants not realised, the biggest contributors are:

- Employee-related costs which were R10,5 million below the budget. This is mainly due to a lower-than-expected contribution to post retirements benefits and strict control over the filling of new positions and vacant positions during the financial year.
- Debt impairment cost that was estimated conservatively during budget compilation, resulting in the actual amount being R7,6 million lower than the budget.
- Bulk purchases are R3,28 million lower than the budget, mainly due to a reduction in line losses, better revenue management systems and an improvement in the load factor.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS					
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015					
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET					
	Notes	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
REVENUE					
<u>Revenue from Non-exchange Transactions</u>		245 535 946	302 569 891	(57 033 945)	
<u>Taxation revenue</u>		88 363 481	88 752 397	(388 916)	
Property rates	27	88 363 481	88 752 397	(388 916)	
<u>Transfer revenue</u>		130 646 095	187 190 914	(56 544 819)	
Government grants and subsidies	29	126 449 665	185 325 444	(58 875 779)	Underspending of grant funds (Housing, Disaster recovery funds received late in the year). These funds are requested to be rolled-over to the next financial year.
Public contributions, donated and contributed PPE	31	4 196 430	1 865 470	2 330 960	
<u>Other non-exchange revenue</u>		26 526 371	26 626 580	(100 209)	
Fines		24 050 681	26 126 580	(2 075 899)	Over estimation of the value and number of fines issued.
Actuarial gains		2 475 690	500 000	1 975 690	These gains are non-cash transactions which are recognised after an Actuarial valuation of Employee benefits has been performed at year-end. The gain is mainly due to changes in membership.
<u>Revenue from Exchange Transactions</u>		561 918 003	520 487 707	41 430 296	
Property rates-penalties imposed & collection charges		1 660 718	1 550 000	110 718	Due to conservative budgeting for Electricity charges to be received due to Eskom power shortages. Sewerage and refuse removal revenue foregone overbudgeted.
Service charges	28	474 113 979	447 248 755	26 865 224	This is mainly due to projected income from Camping fees not realising.
Rental of facilities and equipment		13 952 132	15 208 530	(1 256 398)	Better cash flow due to savings on expenditure led to better investment opportunities, which in turn led to an increase in interest earned.
Interest earned - external investments		20 167 960	14 226 200	5 941 760	
Interest earned - outstanding debtors		197 372	187 310	10 062	
Licences and permits		5 644 847	5 280 220	364 627	
Gain on de-recognition of Property, Plant & Equipment		170 134	112 000	58 134	
Impairment / Fair Value adjustment of Investment Property and Biological assets	41	6 140 394	500 000	5 640 394	First time split of fair value adjustments between gains and losses.
Other income	30	39 870 468	36 174 692	3 695 776	External services contributions more than what was anticipated.
Total Revenue		807 453 950	823 057 598	(15 603 648)	

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Notes	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
EXPENDITURE					
Employee related costs	32	209 058 666	219 594 983	(10 536 317)	Due to a lower than expected contribution to Employee benefits and strict control over the filling of new and vacant positions during the year.
Remuneration of Councillors	33	9 193 967	9 392 434	(198 467)	
Debt Impairment Costs	34	33 499 717	41 130 000	(7 630 283)	Contribution towards impairment of Traffic fines debtors less than anticipated.
Collection costs		4 988 497	6 341 833	(1 353 336)	
Depreciation	35	58 384 363	60 437 986	(2 053 623)	Budgeted for all under construction assets to be finalised, which did not materialise.
Amortisation - Intangible Assets		25 522	19 099	6 423	
Actuarial losses		-	1 500 000	(1 500 000)	Actuarial gains recognised at year-end due to membership changes.
Repairs and maintenance		38 956 153	42 471 697	(3 515 544)	Mainly due to the underspending on Housing emergency kits and repairs on vehicles, pumps and machinery.
Finance costs	36	2 776 215	2 818 830	(42 615)	
Bulk purchases	37	217 438 641	220 718 820	(3 280 179)	Due to a reduction in line losses, better revenue management systems and an improvement in the load factor.
Contracted services	38	38 750 701	40 909 135	(2 158 434)	The variance is mainly due to savings on security services, account printing and cut of grass.
Grants and subsidies paid	39	1 128 893	1 177 428	(48 535)	
General expenses	40	91 658 629	114 527 680	(22 869 051)	Due to unspent Housing Topstructure funds, savings on purchase of chemicals and contract work.
Impairment on Assets		1 363 370	-	1 363 370	Impairment information not available with Adjustment budget compilation.
Loss on de-recognition of Property, Plant & Equipment		4 481 180	1 253 900	3 227 280	Includes the carrying value of harvested biological assets, not budgeted for.
Impairment / Fair Value adjustment of Investment Property and Biological assets	41	12 077 007	1 500 000	10 577 007	First time split of fair value adjustments between gains and losses.
Total Expenditure		723 781 519	763 793 825	(40 012 306)	
SURPLUS/(DEFICIT) FOR THE YEAR		83 672 431	59 263 773	24 408 658	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The classification basis on which the annual budget and the annual financial statements were compiled is different. The annual financial statements are classified in terms of GRAP, while the annual budget is classified in terms of National Treasury guidelines. Both are compiled using the accrual basis and the reporting period is the same.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	Note	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
NET ASSETS AND LIABILITIES					
Net assets		2 154 953 684	2 100 961 831	53 991 853	
Housing development fund		750 539	-	750 539	Project that should have been funded from this fund was not approved by the Department of Human Settlements. New project approved, which will be fully spent in the 15/16 financial year.
Reserves	2	128 715 032	78 395 844	50 319 188	
Capital replacement reserve	3	128 715 032	78 395 844	50 319 188	Additional contributions made to the CRR in terms of Council approved Long term financial plan and the Liquidity policy. Prior period corrections not budgeted for. For these corrections refer to Note 42 of the Annual Financial Statements.
Accumulated surplus		2 025 488 113	2 022 565 987	2 922 126	
Non-current liabilities					
		169 747 003	177 831 197	(8 084 194)	
Employee benefits	7	96 664 000	107 676 480	(11 012 480)	Budgeted for a bigger contribution towards Employee benefits in line with the previous year actuarial report.
Non-current provisions	6	49 705 102	47 134 754	2 570 348	Provisions are made in line with reports from professionals.
Finance Lease liability	4	782 446	637 427	145 019	
Other Long-term liabilities	5	22 343 864	22 132 536	211 328	
Non-current deposits	8	251 591	250 000	1 591	
Current liabilities					
		181 842 349	144 811 985	37 030 363	
Consumer deposits	9	19 455 002	18 179 449	1 275 553	Increase in consumer deposits due to new deposits implemented for single phase business meters on electricity and normal deposit increases.
Provisions	10	1 240 936	1 192 297	48 639	
Current Employee benefits	11	23 304 123	24 000 000	(695 877)	
Payables from Exchange transactions	12	100 053 016	95 029 218	5 023 798	Land sales received in advance increased due to property not yet transferred.
Unspent conditional grants and receipts	13	33 929 193	-	33 929 193	Budgeted for no grants to be unspent at year-end. A request was put to National and Provincial Treasury for the funds to be rolled-over to the next financial year.
VAT Payable	14	-	-	-	
Cash and cash equivalents	25	-	2 292 442	(2 292 442)	A positive cash flow balance realised at year-end.
Operating Lease Liability	26	1 053 023	1 000 000	53 023	
Current portion of Finance lease liability	4	687 361	600 000	87 361	
Current portion of other long-term liabilities	5	2 119 693	2 518 579	(398 886)	
Total Net Assets and Liabilities		2 506 543 036	2 423 605 013	82 938 023	-

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Note	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
ASSETS					
Non-current assets		2 084 830 783	2 071 432 030	13 398 753	
Property, plant and equipment		1 749 307 916	1 719 504 780	29 803 136	Various prior year corrections were processed in order to ensure completeness of PPE. Prior period corrections not budgeted for. For these corrections refer to Note 42 of the Annual Financial Statements.
Biological Assets	15	-	1 961 495	(1 961 495)	The trees of Pine grove plantation, which was located on farms 25 and 46 (Great brak river), were harvested during the financial year. Council decided rather to lease the property than to re-plant.
Intangible Assets	16				
Investment Property	17	61 504	32 421	29 083	
		330 888 400	344 965 447	(14 077 047)	A fair value adjustment of R5.9 million realised for the year and corrections was made to the prior year fair value adjustment due to the unbundling of building and site assets.
Heritage Assets	18				
Long-term receivables	19	4 225 599	4 225 599	0	
	20	347 364	742 288	(394 924)	
Current assets		421 712 253	352 172 983	69 539 270	
Inventory		20 639 227	35 653 747	(15 014 520)	Budget was increased during the year to make provision for Housing topstructures not transferred to the relevant stakeholder. More houses transferred than budgeted for.
Receivables from Exchange transactions	21	64 589 350	55 798 014	8 791 336	Budgeted provision for debt impairment at year end did not realise due to collection rates.
Other receivables from non-exchange transactions	22	11 450 684	24 494 579	(13 043 895)	Impairment of Traffic fine debtors increased from R12 million to R29 million at year-end.
Current portion of long-term receivables	23				
VAT Receivable	20	404 057	392 191	11 866	
Cash and Cash equivalents	14	5 183 947	5 000 000	183 947	
		319 252 041	230 654 452	88 597 589	Result of positive cash flow due to improved performance in operating activities. Mainly due to unspent grants and savings on expenditure.
Operating Lease Assets	25				
	26	192 947	180 000	12 947	
Total Assets		2 506 543 036	2 423 605 013	82 938 023	-

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	Notes	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES					
<u>Receipts:</u>		772 917 389	755 973 943	16 943 446	
Ratepayers		531 236 526	501 190 881	30 045 645	Due to conservative budgeting for Electricity charges to be received due to Eskom power shortages.
Government - Operating		102 448 882	117 428 201	(14 979 319)	Budgeted Housing grant funds for Kwa PHP, Joe Slovo and Wolwedans topstructure projects not received as budgeted for.
Government - Capital		47 446 310	50 724 207	(3 277 897)	Budgeted Housing grant funds for Asazani and Herbertsdale infrastructure projects not received as budgeted for.
Other		91 785 671	86 630 654	5 155 017	External services contributions more than what was anticipated.
<u>Payments:</u>		593 419 580	633 985 813	(40 566 233)	
Suppliers		293 576 807	301 914 035	(8 337 228)	Due to savings on contracted services, purchase of chemicals, bulk purchases and contract work.
Employees		196 637 424	205 989 585	(9 352 161)	Due to a lower than expected contribution to Employee benefits and strict control over the filling of new and vacant positions during the year.
Other		103 205 348	126 082 193	(22 876 845)	Mainly due to unspent Housing Topstructure funds.
Cash generated from/(utilised in) operations	47	179 497 809	121 988 130	57 509 679	
Interest received		20 365 332	14 413 510	5 951 822	Better cash flow due to savings on expenditure led to better investment opportunities, which in turn led to an increase in interest earned.
Interest paid	36	(2 776 215)	(2 811 547)	35 332	
Net cash from operating activities		197 086 926	133 590 093	63 496 833	

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Notes	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Capital Assets		(121 509 581)	(147 548 352)	26 038 771	Refer to note 46 of the Annual Financial Statements for detail on underspending of Capital budget per vote.
Proceeds on de-recognition of Capital Assets	20	669 207	300 000	369 207	
(Increase)/decrease in long-term receivables		171 477	150 000	21 477	
Net cash from investing activities		(120 668 897)	(147 098 352)	26 429 455	
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in consumer deposits	9	2 075 554	800 000	1 275 554	Increase in consumer deposits due to new deposits implemented for single phase business meters on electricity and normal deposit increases.
Proceeds/(repayment) of finance lease liability	4	(976 547)	(600 000)	(376 547)	
Proceeds/(repayment) of other long-term liabilities	5	(2 101 479)	(2 166 216)	64 737	
Net cash from financing activities		(1 002 472)	(1 966 216)	963 743	
Net increase / (decrease) in cash and cash equivalents		75 415 557	(15 474 475)	90 890 032	
Cash and cash equivalents at the beginning of the year		243 836 485	243 836 485	(0)	
Cash and cash equivalents at the end of the year	25	319 252 041	228 362 010	90 890 031	

Financial Performance of Operational Services						
						R'000
Description	2014	2015			2015 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<u>Operating Cost</u>						
Water	(27 562)	(42 693)	(48 537)	(34 856)	-22.48%	-39.25%
Waste Water (Sanitation)	(21 715)	(19 990)	(16 892)	(21 272)	6.03%	20.59%
Electricity	(70 287)	(66 110)	(65 453)	(83 370)	20.70%	21.49%
Waste Management	(4 135)	(2 208)	(2 633)	(6 757)	67.32%	61.04%
Housing	(29 840)	(6 986)	(25 533)	7 974	187.61%	420.22%
Component A: sub-total	(153 539)	(137 987)	(159 046)	(138 282)	0.21%	-15.02%
Waste Water (Stormwater Drainage)	5 106	9 122	702	3 611	-152.61%	80.56%
Roads	27 269	34 643	35 880	22 448	-54.32%	-59.84%
Transport	–	0	0	0	66.67%	33.33%
Component B: sub-total	32 375	43 766	36 582	26 059	-67.94%	-40.38%
Planning	7 119	8 645	7 475	6 961	-24.19%	-7.39%
Local Economic Development	8 795	8 554	8 120	8 562	0.09%	5.16%
Component B: sub-total	15 914	17 199	15 596	15 523	-10.80%	-0.47%
Planning (Strategic and Regulatory)	(95 404)	(15 668)	(18 030)	(49 820)	68.55%	63.81%
Local Economic Development						
Component C: sub-total	(95 404)	(15 668)	(18 030)	(49 820)	68.55%	63.81%
Community and Social Services	1 776	9 414	9 595	9 423	0.09%	-1.83%
Environmental Protection	–	–	–	–	-	-
Health	–	–	–	–	-	-
Security and Safety	12 660	13 352	13 653	13 258	-0.71%	-2.98%
Sport and Recreation	26 302	33 307	29 924	32 632	-2.07%	8.30%
Corporate Policy Offices and Other	9 001	11 198	12 462	7 533	-48.66%	-65.43%
Component D: sub-total	49 738	67 272	65 634	62 846	-7.04%	-4.44%
Total Expenditure	(150 915)	(25 418)	(59 264)	(83 672)	69.62%	29.17%

5.2 GRANTS

Grant Performance					
Details	Budget	Adjustment s Budget	Actual	Variance	
				Budget	Adjustment s Budget
Operating expenditure of Transfers and Grants					
Local Government Equitable Share	54 705 000	54 705 000	54 705 000	0%	0%
Finance Management Grant	1 450 000	1 450 000	1 450 000	0%	0%
Municipal Systems Improvement	934 000	934 000	934 000	0%	0%
Housing	28 201 000	44 068 106	25 260 919	12%	74%
Community Development Workers	44 500	44 500	45 682	-3%	-3%
Library Services	3 937 000	3 937 000	3 989 326	-1%	-1%
Subsidy - Housing Emergency Kits	1 240 000	1 240 000	507 925	144%	144%
Subsidy - Newsletters	16 698	16 698	18 388	-9%	-9%
Mossel Bay Sediment Supply Study	0	243 000	243 000	-100%	0%
Maintenance And Construction Of Transport Infrastructure Grant	42 000	42 000	42 000	0%	0%
Energy Efficiency and Demand Side Management Grant	0	3 658 000	3 119 898	-100%	17%
Expanded Public Works Programme	704 000	704 000	704 000	0%	0%
Thusong Service Centre Grant	143 297	143 297	143 364	0%	0%
Financial Management Support Grant	272 069	272 069	272 069	0%	0%
Other Specify:					
SETA	1 000 000	1 000 000	862 402		
Eden District - Disaster recovery grant	0	0	1 201 036	-100%	-100%
Public Contributions	100 000	277 869	430 202	-77%	-35%
Total Operating Transfers and Grants	92 789 564	112 735 539	93 929 212	-1%	20%

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The housing grants were underspent due to various reasons, including late receipt of funds and delay in move of informal area. The Municipality applied for these funds to be rolled over to the next financial year.

The Energy Efficiency Grant funds not spent at year end will also be applied to be rolled-over to the next financial year.

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The full asset life cycle cost of capital assets needs to be recovered while the customers have access to the service, hence the importance of the completeness of the capital asset register.

This financial year the focus was on the completeness of land and buildings under the control of the Municipality. The focus was twofold, namely:

1. Are all sites in the asset register still controlled by the Municipality; and
2. Are all capital assets on the sites recognised and unbundled in identifiable capital assets.

The Geographical Information System (GIS) is still viewed as a crucial tool in ensuring completeness of immovable capital assets. It already proved to be very useful in ensuring the completeness of the focus area this year. It is envisaged that by the end of June 2016, all variances between as-built plans and the asset register will have been addressed, using the updated GIS.

The Municipality continuously endeavours to improve its asset management by putting policies, principles and processes in place that speaks to the vision of the Municipality.

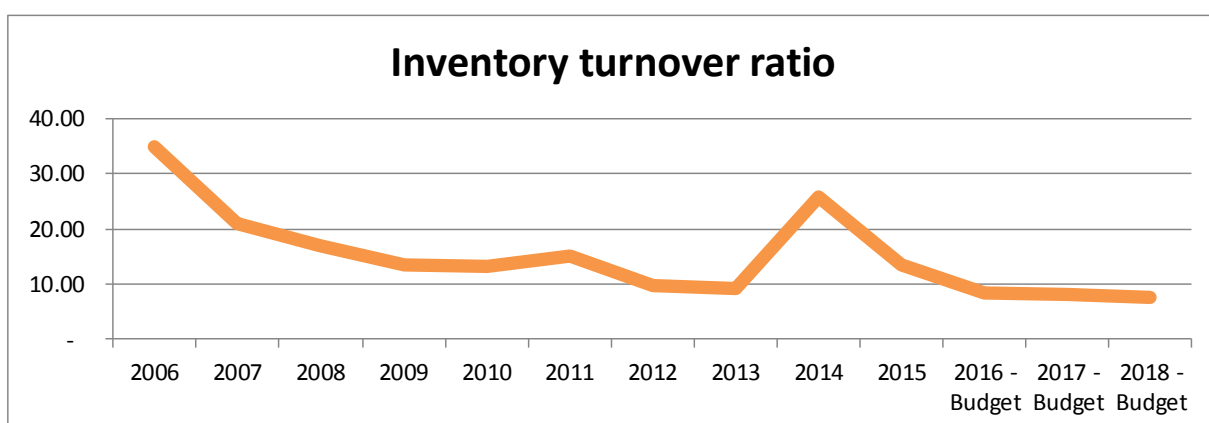
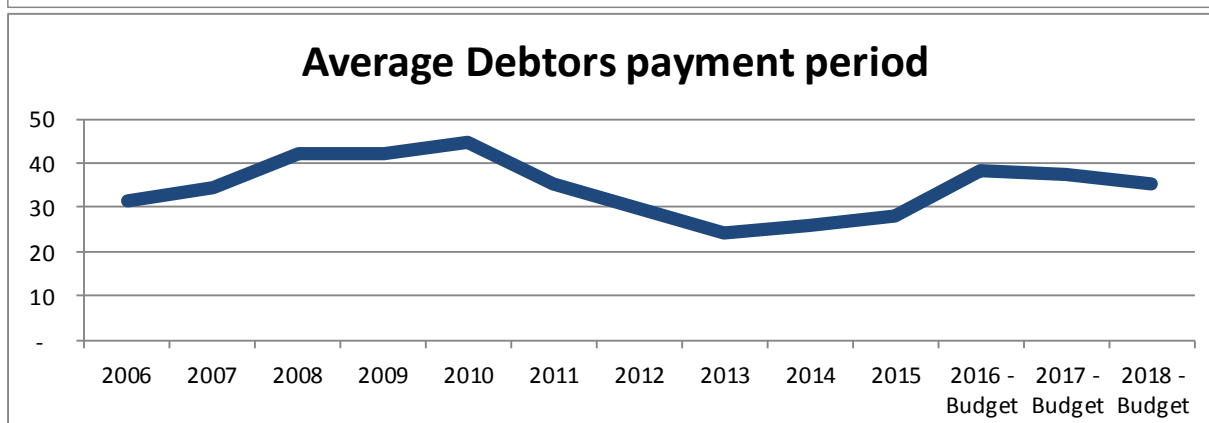
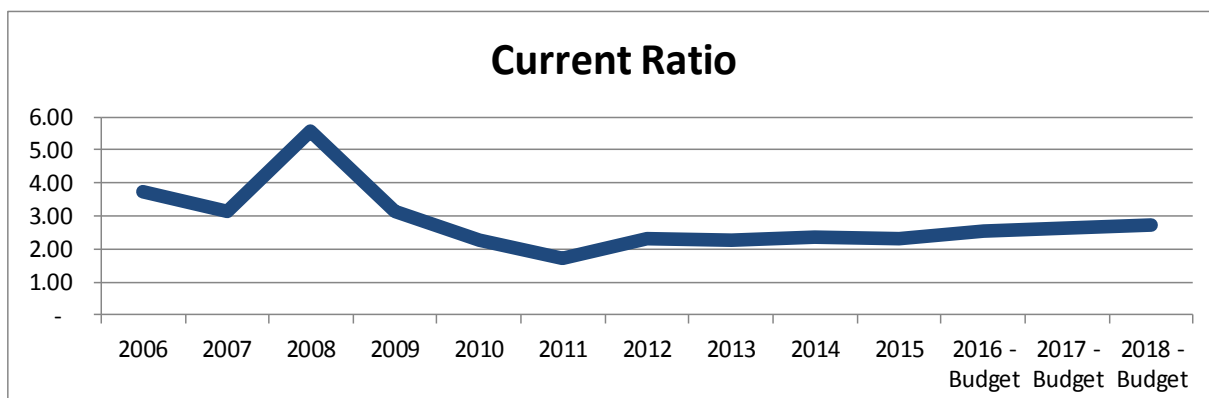
Repair and Maintenance Expenditure: 2015				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	41 511	42 472	38 956	6%

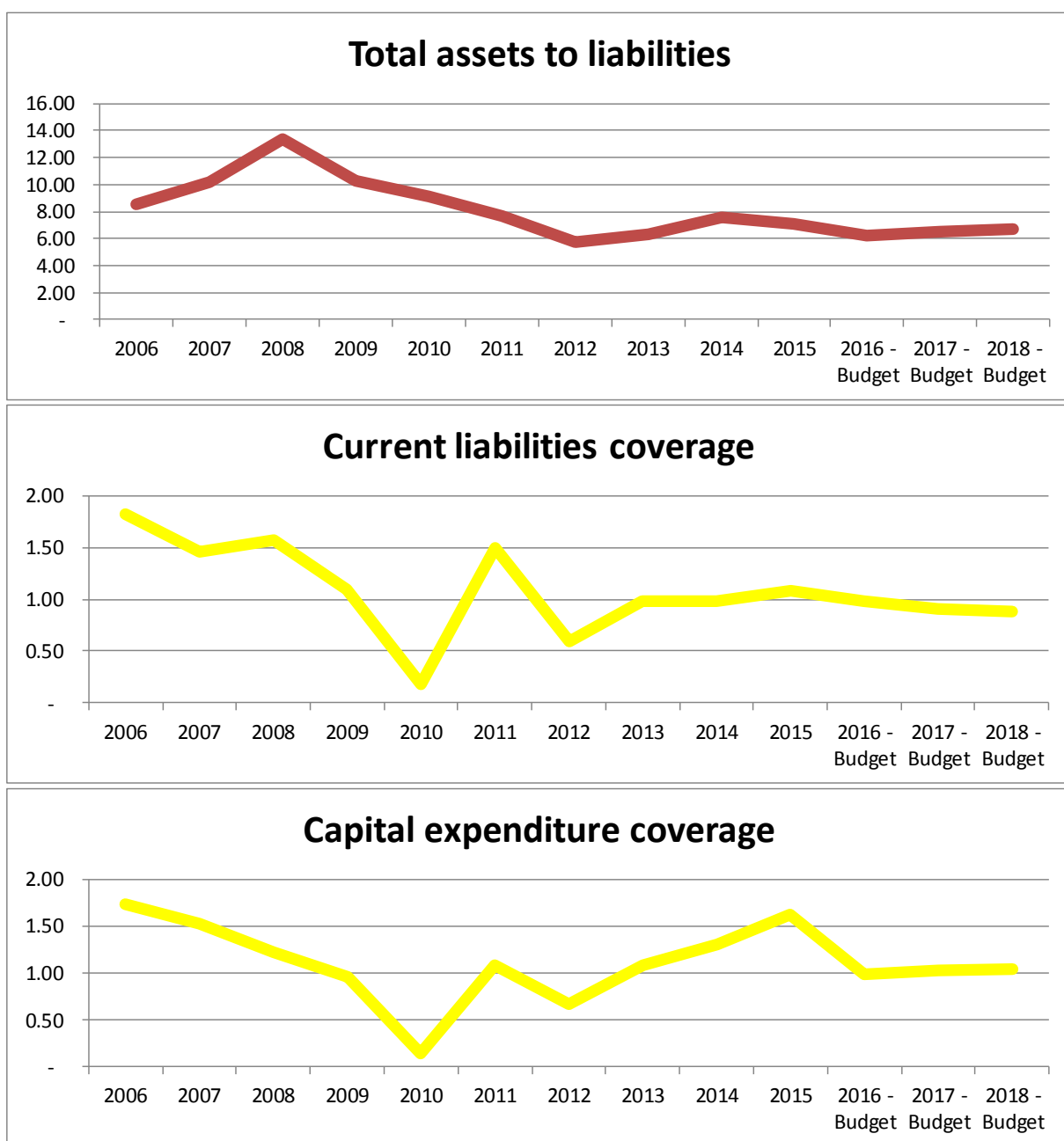
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

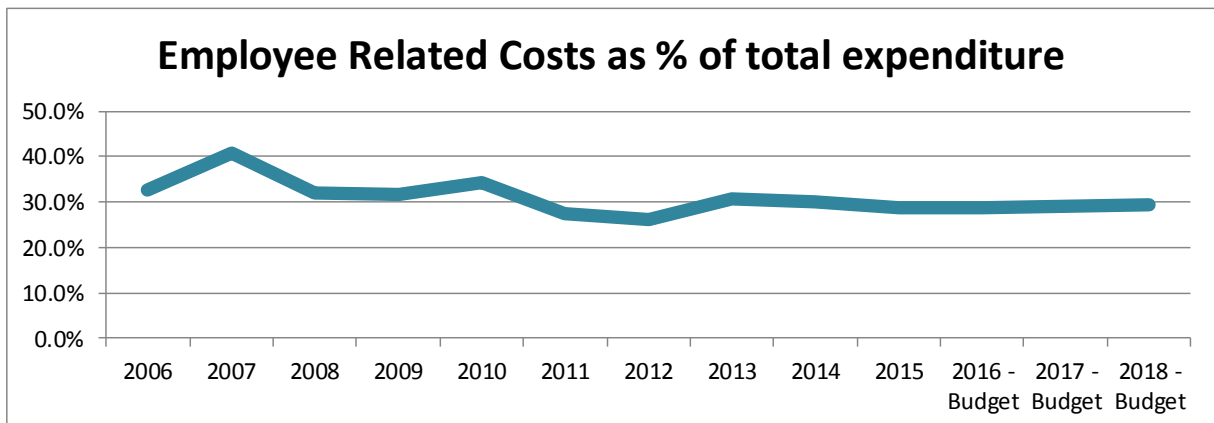
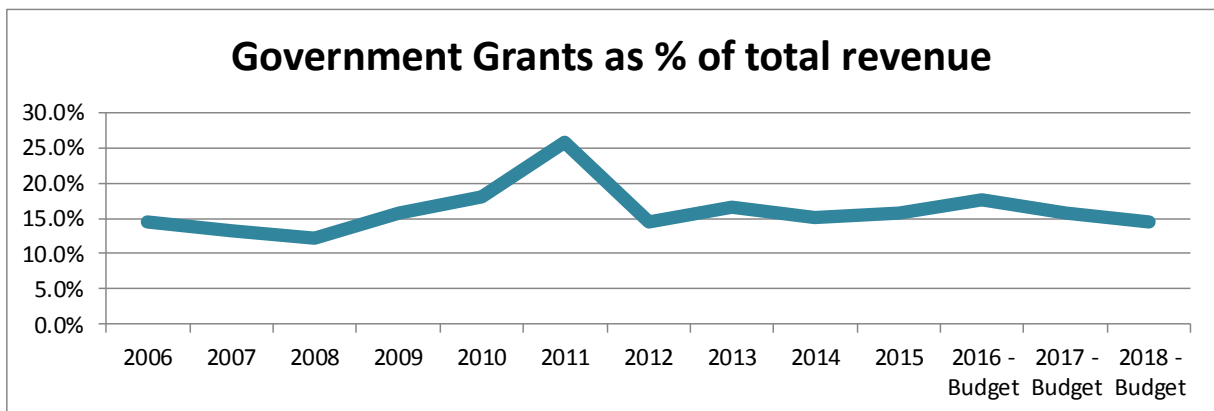
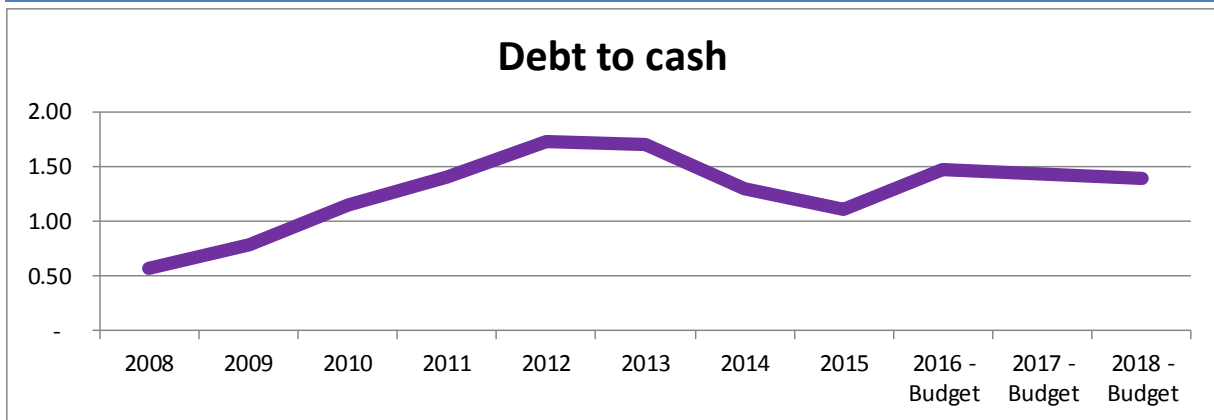
As is shown above the repairs and maintenance budget for the year was underspent by 6%. This is mainly due to underspending of housing emergency kits funding and underspending on maintenance of sewerage and water infrastructure.

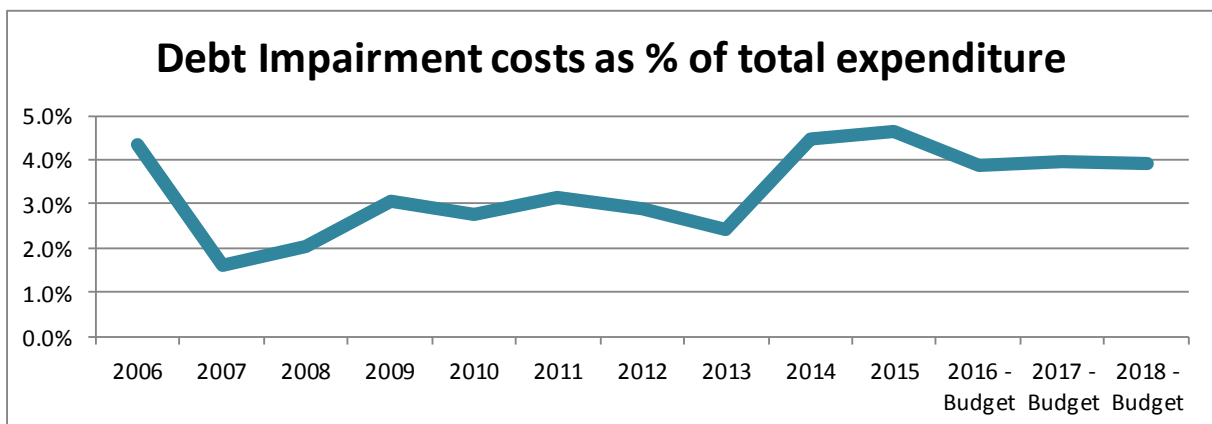
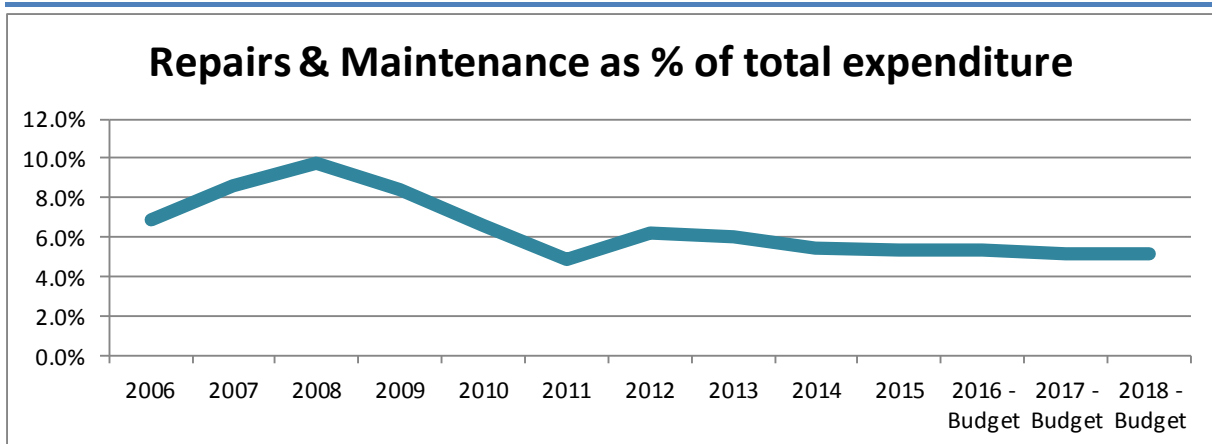
The Municipality is aware that the repairs and maintenance proportion for the preceding number of years is not sufficient. This is why the Municipality has started to budget for preventative repairs and maintenance.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS









COMMENT ON FINANCIAL RATIOS

Financial sustainability refers to financial accounts which reflect sufficient revenue and adequate corporate stability in order to fund and deliver on service delivery and performance targets, which the above ratios clearly depict.

The ratios also indicate that the Municipality's finances are very sound and show that its funds are sustainable. The graph on grant dependency reiterates this fact with only 15,8% level of reliance on grants.

The Municipality is in a very liquid position with assets of more than double what the liabilities are. At year-end the Municipality had short-term investments to the amount of R290 million, which are used to fund future capital expenditure, current liabilities and future employee benefits and debt impairment.

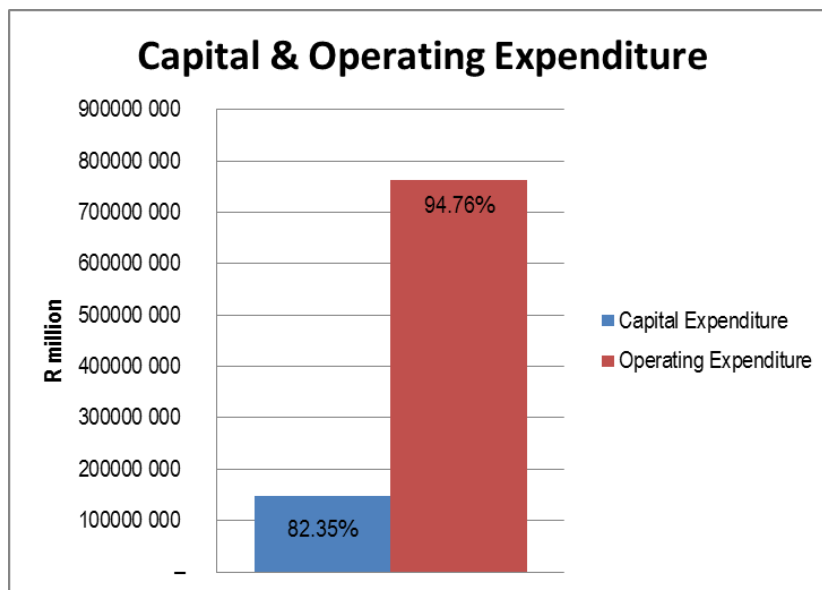
The employee-related costs as a percentage of total expenditure remains within the national norm of 30%.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

The expenditure on capital items amounted to R121,5 million, which is 82,4% of the approved budget.

The challenge for the Municipality in the area of capital budget versus actual spending is in spending of allocations received at either a very late stage or as a result of the way National and Provincial Treasury measures budget compliance. Both spheres measure budget compliance based on the allocations rather than to the projected cash flows of a specific project. For example, the Municipality was allocated disaster funding in January, for which it is grateful, but the required SCM processes make it impossible to spend the funds within six months.

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2014 to 2015							
R' 000							
Details		2014	2015				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	–	1 447	391	310	-72.97%	-78.59%

Capital Expenditure - Funding Sources: 2014 to 2015							
R' 000							
Details		2014	2015				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
	Public contributions and donations	4 614	2 200	2 891	2 817	31.42%	28.05%
	Grants and subsidies	42 342	41 332	60 186	39 177	45.61%	-5.22%
	Other	67 326	78 731	84 080	79 206	6.79%	0.60%
Total		114 282	123 710	147 548	121 510	10.86%	-55.15%
<i>Percentage of finance</i>							
	External loans	0.0%	1.2%	0.3%	0.3%	-671.9%	142.5%
	Public contributions and donations	4.0%	1.8%	2.0%	2.3%	289.3%	-50.9%
	Grants and subsidies	37.1%	33.4%	40.8%	32.2%	420.0%	9.5%
	Other	58.9%	63.6%	57.0%	65.2%	62.6%	-1.1%
Capital expenditure							
	Water and sanitation	29 672	46 490	54 211	48 043	16.61%	3.34%
	Electricity	21 633	24 399	23 228	22 581	-4.80%	-7.45%
	Housing	9 624	13 000	30 969	13 305	138.22%	2.35%
	Roads and storm water	33 670	24 808	25 874	25 345	4.30%	2.16%
	Other	19 683	15 013	13 267	12 235	-11.63%	-18.50%
Total		114 282	123 710	147 548	121 510	142.70%	-18.10%
<i>Percentage of expenditure</i>							
	Water and sanitation	26.0%	37.6%	36.7%	39.5%	11.6%	-18.5%
	Electricity	18.9%	19.7%	15.7%	18.6%	-3.4%	41.2%
	Housing	8.4%	10.5%	21.0%	11.0%	96.9%	-13.0%
	Roads and storm water	29.5%	20.1%	17.5%	20.9%	3.0%	-12.0%
	Other	17.2%	12.1%	9.0%	10.1%	-8.2%	102.2%

COMMENT ON SOURCES OF FUNDING:

The overspending under the Municipal Manager's Vote is due to the lease of a photocopy machine where the nett present value of the asset was more than the fair value.

The underspending on Corporate Services is mainly due to savings on projects and the delay of delivery and installation from suppliers.

The underspending on Technical Services is mainly due to unforeseen conditions on site (project to be rolled-over to 2015/2016), low demand in water and sewerage connections and savings on projects.

The underspending on Community Services was mainly due to the project for sight screens at Van Riebeeck stadium that could not be completed due to insufficient funds (project to be rolled-over to 2015/2016) and savings on projects.

The underspending on Electricity Services is mainly due to savings on projects.

The underspending under Development and Planning is mainly due to the underspending on housing projects (delay in move of informal area, multi-year projects will be rolled-over to 2015/2016), disaster funds unspent due to late receipt of funds and savings on streets and storm water projects.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 Largest Projects					
Name of Project	Current: 2015			Variance: 2015	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Asazani/Izinyoka Infrastructure	13 000 000	20 644 298	4 626 284	64%	-59%
Regional Sewerage Works: Sludge	11 000 000	11 000 000	10 999 937	0%	0%
Upgrade of Water Supply Pipeline	6 558 162	6 509 566	6 508 587	1%	1%
Wolwedans Rehabilitation	0	5 832 000	5 272 724	0%	0%
Electrification Projects	3 329 825	5 103 033	5 103 019	-53%	-53%

COMMENT ON CAPITAL PROJECTS:

The Asazani/Izinyoka infrastructure project is funded by the Department of Human Settlements. The replacement of 66 erven occupied by squatters and relocation of informal settlement site caused delays. This is a multi-year capital project which will be rolled-over to the 2015/16 financial year. The Wolwedans rehabilitation project is also a multi-year project which will be rolled-over.

All other above capital budgets was spent in full and projects was completed as planned.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June 2015				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	31 888	100	0	0
Sanitation	34 223	99,6	137	0,4%
Electricity	32 165	86,8	6 949	18,8%
Waste management	37 348	93,7	2 525	6,3%
Housing	25 255	86,5	3 952	13,8%

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is one of the highest priorities within the Mossel Bay Municipality as it creates the platform for sustainable service delivery.

In order to measure the funding of the financial position the Municipality have developed a tool. All principles regarding GRAP needs to be implemented, in order to be able to measure and monitor whether the liability reporting lines mentioned below can be funded with cash or near cash. The liability reporting items are:

- Housing Development Fund;
- Capital Replacement Reserve;
- Employee benefits (Current and non-current);
- Provisions (Current and Non-current);
- Consumer and other deposits (Current and non-current);
- Payables from exchange transactions; and
- Unspent conditional grants and subsidies.

5.9 CASH FLOW

Cash Flow Outcomes				
Description	2014	Current: 2015		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	593 006 560	587 821 535	587 821 535	623 022 197
Government - operating	86 732 793	117 428 201	117 428 201	102 448 882
Government - capital	44 539 312	50 724 207	50 724 207	47 446 310
Interest	14 172 494	14 413 510	14 413 510	20 365 332
Dividends				
Payments				
	-481 487	-507 903	-507 903	-490 214
Suppliers and employees	390	620	620	232
Finance charges	-2 678 808	-2 811 547	-2 811 547	-2 776 215
	-105 950	-126 082	-126 082	-103 205
Transfers and Grants	690	193	193	348
NET CASH FROM/(USED) OPERATING ACTIVITIES	148 334 270	133 590 093	133 590 093	197 086 926
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	371 290	300 000	300 000	669 207
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables	264 248	150 000	150 000	171 477
Decrease (increase) in non-current investments				
Payments				
	-114 263	-147 548	-147 548	-121 509
Capital assets	394	352	352	581
NET CASH FROM/(USED) INVESTING ACTIVITIES	-113 627 857	-147 098 352	-147 098 352	-120 668 897
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing	-2 084 380	-2 766 216	-2 766 216	-3 078 026
Increase (decrease) in consumer deposits	2 914 950	800 000	800 000	2 075 554
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	830 570	-1 966 216	-1 966 216	-1 002 472
NET INCREASE/ (DECREASE) IN CASH HELD	35 536 983	-15 474 475	-15 474 475	75 415 557
Cash/cash equivalents at the year begin:	208 299 502	243 836 485	243 836 485	243 836 485
Cash/cash equivalents at the year end:	243 836 485	228 362 010	228 362 010	319 252 041

COMMENT ON CASH FLOW OUTCOMES:

The total cash or near cash line items to fund the liabilities amount to R400,8 million. In order to fund the above mentioned a funding shortage of R56,7 million exists, which increased from R35,8 in 2014. If the additional contribution to the Capital Replacement Reserve to the value of R69 million is excluded from the calculation then the Municipality would have shown an improvement in the funding measurement to the value of R48,1 million. The total amount set aside for the financing of future capital programs is R128,7 million.

The calculation also includes non-current future employee benefits to the value of R97 million. This amount represents the projected future liabilities relating to long service awards and post-retirement benefits, if necessary, this can also re-allocated. This is viewed as a financial management issue which will be considered on an annual basis.

At present the Municipality has a short term view on investments. None of the available cash is invested for a period of more than 10 months.

5.10 BORROWING AND INVESTMENTS

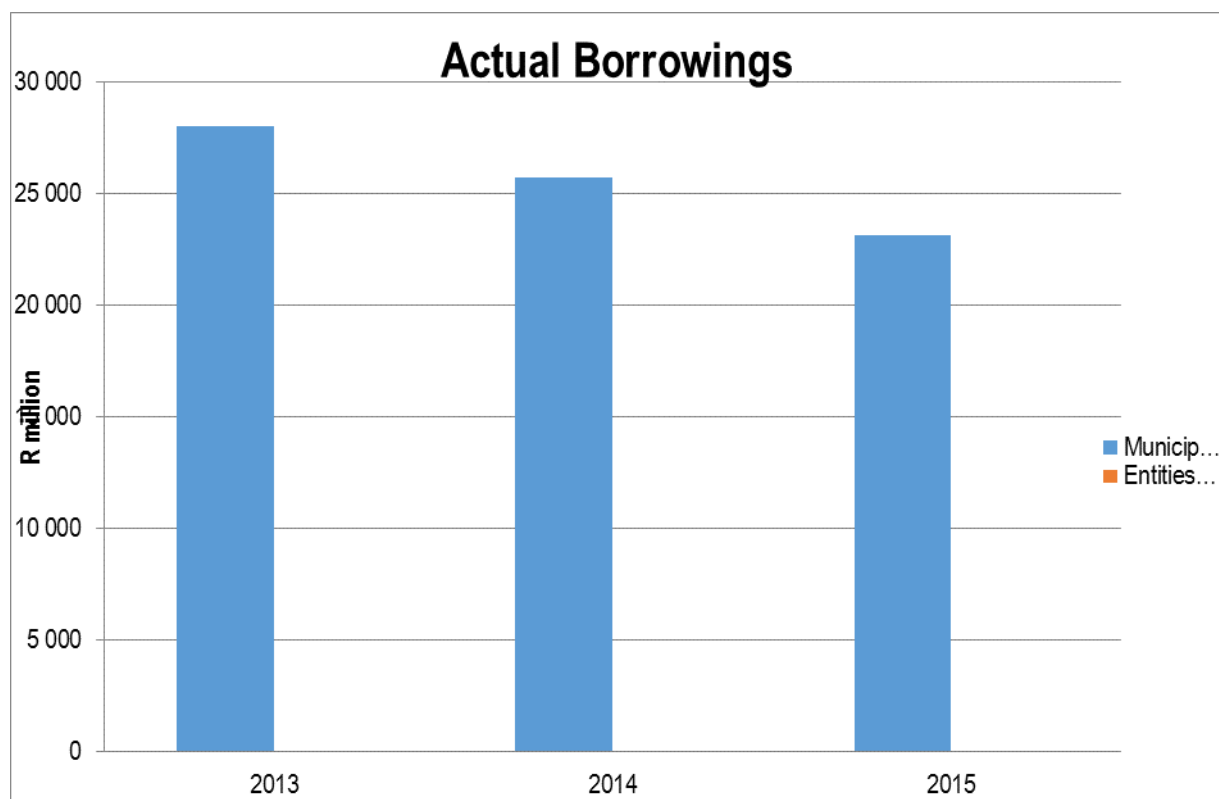
Council has approved a long-term financial plan during the financial year, which sets out the borrowing and investment principles that the Municipality envisages over the next 10 years.

The Municipality does not rely on borrowed funds to fund its capital budget. The main funding source is the Capital Replacement Reserve, to which an annual contribution is made out of operating funds.

The Municipality has current investments and call deposits on hand and reviews these investments on a regular basis.

Actual Borrowings: 2013 to 2015			
	R' 000		
Instrument	2013	2014	2015
Municipality			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)	26564	24473	22344
Local registered stock			
Instalment Credit			
Financial Leases	1428	1254	782
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			

Actual Borrowings: 2013 to 2015			
	R' 000		
Instrument	2013	2014	2015
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	27 992	25 726	23 126
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0



Municipal and Entity Investments			
Investment* type	2013	2014	2015
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	205 000	230 654	290 097
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	205 000	230 654	290 097
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	205 000	230 654	290 097

COMMENT ON BORROWING AND INVESTMENTS:

The only borrowing is a R30 million loan, which was taken up in the 2011/12 financial year for the partial funding of the seawater desalination plant.

At year end 30 June 2015 the Municipality had current investments to the value of R290 million. These investments are reviewed on a regular basis in order to ensure the best possible return rate.

5.11 PUBLIC PRIVATE PARTNERSHIPS

The Mossel Bay Municipality does not have any Public Private Partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

All major control measures are in place, which is the starting point for the success of a Municipality. The planned implementation of the Standard Charts of Account (SCOA) brings its own challenges but the main challenge would be to maintain the control measures already implemented and to have a proper process in place for change management. The next two years will be crucial for the Municipality to convert to SCOA while maintaining a clean audit status.

5.12 SUPPLY CHAIN MANAGEMENT

Introduction

All high capacity municipalities were required to implement the Supply Chain Management Regulations to the Municipal Finance Management Act, No 56 of 2003, on 1 October 2005 and to have a new Supply Chain Management (SCM) Policy in terms of the Regulations in place by the same date.

The Municipality met the requirements with regard to the adoption of a policy and also implemented the prescribed procurement procedures to ensure that all legal requirements were met.

SCM Policy

The Policy, which is based on the model policy prescribed by the National Treasury, was reviewed in the 2013/2014 financial year for the 2014/2015 period. The revised Policy, which was tabled with the 2014/2015 budget, incorporated recommendations by the Municipality's

internal auditors, the Auditor-General and directives from the Provincial and National Treasuries.

Council approved the revision of the Supply Chain Management Policy on 29 May 2014 (resolution number E60-05/2014) and it came into effect on 1 July 2014 for the 2014-2015 financial year.

The policy was revised again during 2014-2015 as prescribed and Council approved the revision of the Supply Chain Management Policy on 28 May 2015 (resolution number E71-05/2015), with effective date 1 July 2015 for the 2015-2016 financial year.

Bid Committees

The members of the bid committees are all delegated and appointed in terms of legislation and the bid committees function well. A senior manager is appointed as the chairperson of the Bid Evaluation Committee.

All members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing and record thereof is available.

The Bid Adjudication Committee is the only standing bid committee. The following persons served permanently on the committee:

Mr H Botha (Chairperson)	Chief Financial Officer up to 30 November 2014.
Mr MK Botha (Chairperson)	Chief Financial Officer with effect from 1 December 2014.
Mr C Puren (Deputy Chairperson)	Director: Community Services up to 18 June 2015.
Mr D Naidoo	Director: Technical Services.
Mr E Jantjies	Director: Corporate Services.
Mr C Venter	Director: Planning and Integrated Services.
Ms M Jacobs	Head: Expenditure.
Ms E Nel	Head: Supply Chain Management.

Mr MK Botha was appointed as Chief Financial Officer from 1 December 2014 and was appointed as member and chairperson of the Bid Adjudication Committee. Mr MK Botha replaced Mr HF Botha, who retired at the end of November 2014.

Various other officials served as members of the Bid Adjudication Committee while they were acting in positions of permanent members of the Committee. These officials were duly delegated to be members.

SCM Unit

On 30 June 2015 all positions that were budgeted for on the organogram were filled in the Unit. Two posts that became vacant during the financial year, namely Administrative Officer: Quotations Under R30 000 and Administrative Officer: Logistics were respectively filled in November 2014 and March 2015.

Personnel from Supply Chain Management and the Stores attended various courses and workshops during the past year. Three administrative officers are also attending the Minimum Competency Level Training as prescribed by the Municipal Regulations on Minimum Competency Levels, GN R493 of 2007. All three will complete the requirement this calendar year.

Accredited supplier database

The Accredited Supplier Database, which is maintained in terms of Section 14 of the SCM Policy, grew as indicated in the table below:

2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
722	1 090	1 559	1 994	2 295	2 559	2 810	3 036	3 277

During the second quarter of the year discussions were started in the Eden District Municipality area to move over to the Centralised Western Cape Supplier Database (WCSD). The discussions moved into action during the third quarter with a SteerCom being appointed during a meeting on 28 January 2015. Vast progress was made to fully go over to the WCSD by 1 July 2015.

This move will not only benefit the Municipality, but will also make it easier for the supplier/contractor/service provider as they would only need to register on one database. This ground-breaking initiative from the municipalities in the Eden District is a first in the Province and in the country.

All current as well as prospective suppliers/contractors/service providers were informed in writing regarding these changes. It was also advertised in the newspaper and on the municipal website, notice boards and the Municipality's Facebook page. The Eden District Municipality also ran advertisements on local radio stations.

An initial letter explaining the process and implications was firstly sent to all active suppliers and then to the rest who were registered on the current Accredited Municipal Supplier Database. This letter was followed up with written communication to all suppliers not yet registered on the WCSD. As stated in these letters and advertisements, if a supplier,

contractor or service provider is not registered on the WCSD by 1 July 2015, Mossel Bay Municipality cannot and would not be conducting business any further with that specific supplier/contractor/service provider.

As Provincial Treasury is responsible for the administration of the WCSD, reporting in this regard in future will be amended.

Tender Awards

A total of 103 tenders, compared to 109 the previous year, were awarded during the 2014/2015 financial year.

Conclusion

The 2014/2015 financial year was once again a very good year for the SCM unit. Mossel Bay Municipality received its third consecutive clean audit and SCM proudly contributed to that.

All SCM officials continuously make an effort to improve systems and to streamline processes and procedures, but at the same time remain compliant to all applicable legislation. The SCM unit functions very well and the Municipality is frequently praised at the Western Cape Provincial SCM Forum as well as on other platforms. It is considered as a leading municipality in the field of SCM and its processes are often used as “best practice” examples. Municipalities from the Northern Cape, KwaZulu-Natal, Gauteng and the Eastern Cape as well as in the Western Cape contact us for assistance.

The unit is proud of its accomplishments and aims to keep on improving in the years to come.

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognised **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts.

Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality.

It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable the National Treasury to assess the pace of progress and to consider the implications if not adhered to.

The Mossel Bay Municipality is in compliance with the directives issued by the Accounting Standards Board in compiling the 2014/15 Annual Financial Statements

CHAPTER 6 AUDITOR-GENERAL AUDIT FINDINGS

INTRODUCTION

The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities.

Section 45 of the Municipal Systems Act states that the results of performance measurement must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014

6.1 AUDITOR-GENERAL REPORTS YEAR 2014

Auditor-General Report on Financial Performance: 2014	
Audit Report Status	CLEAN AUDIT OUTCOME
Non-Compliance Issues	Remedial Action Taken
None	Not Applicable

COMPONENT B: AUDITOR-GENERAL OPINION 2015

6.2 AUDITOR-GENERAL REPORT 2015

The Municipality received a clean audit outcome for the year to 30 June 2015 as follows:

“In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.”

The report of the Auditor-General to the Western Cape Provincial Parliament and the Council of the Mossel Bay Municipality stated that the opinion was not modified in respect of matters of emphasis as well as additional matters to which had been drawn.

The full audit report is included from pages 23 to 26 in Volume 2 of this Report (Annual Financial Statements).

Auditor-General Report on Financial Performance 2015	
Status of audit report:	CLEAN AUDIT OUTCOME
Non-Compliance Issues	Remedial Action Taken
None	Not Applicable

Auditor-General Report on Service Delivery Performance 2015	
Status of audit report:	CLEAN AUDIT OUTCOME
Non-Compliance Issues	Remedial Action Taken
None	Not Applicable

COMMENT ON THE AUDITOR-GENERAL'S OPINION:

It was a stated management objective to achieve an unqualified audit opinion for the 2014/2015 financial year.

The Municipality is proud of having achieved its fourth consecutive unqualified audit opinion as it is proof of the high standards it sets for itself.

It is also proof of the hard work as well as the resolve of Council, management and personnel to meet and maintain high standard at all times.

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr Ms N R Mzola	PT	Community and Human Resources Services	Ward 1 (ANC)	90	100
		Code of Conduct			
		Appeals			
Cllr Ms N P Jwili	PT	Financial and Legal Services	Ward 2 (ANC)	100	100
Cllr Ms T M N Mkayo	PT	Housing Services	Ward 3 (ANC)	100	100
Ald K H Smit	PT	SALGA	Ward 4 (DA)	100	100
		Employment Equity Forum			
		Local Labour Forum			
Cllr J J Gerber	PT	Financial and Legal Services	Ward 5 (DA)	100	100
		Technical Services			
		Code of Conduct			
		Appeals			
		District Municipality			
Cllr D Kotze	FT	Housing Services	Ward 6 (DA)	100	100
		Employment Equity Forum			
Alderman J van der Merwe	FT	Financial and Legal Services	Ward 7 (DA)	100	100
		Employment Equity Forum			
		SALGA			
		Mayoral Committee			
		Local Labour Forum			
Alderman E Scheepers	PT	Executive Mayoral	Ward 8 (DA)	100	100

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
		Technical Services			
		Language			
		SALGA			
CLlr Ms E Meyer	PT	Financial and Legal Services	Ward 9 (DA)	100	100
		Social Services and Local Economic Development			
		Local Labour Forum			
		Employment Equity Forum			
		Selection			
		Appeals			
CLlr P Terblanche	PT	Financial and Legal Services	Ward 10 (DA)	100	100
		Community and Human Resources Services			
		Employment Equity Forum			
		Appeals SALGA Selection Local Labour Mayoral Committee			
CLlr P A du Plessis	PT	Financial and Legal Services Technical Services Training Local Labour	Ward 11 (DA)	100	100
CLlr N P Malilwana	PT	Housing Services	Ward 12 (ANC)	80	100
CLlr R Ruiters	PT	Community and Human Resources Services	Ward 13 (DA)	100	100
		Housing Services			
		Training			

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr J C Bayman	FT	Housing Services Mayoral Committee Local Labour	Ward 14 (DA)	100	100
Cllr NC Booisen	PT	Technical Services Heritage Local Labour	DA	100	100
		Housing Services			
		Code of Conduct			
		Appeals			
		District Municipality			
Cllr Ms L Boom	PT	Social and Local Economic Development	ANC	100	100
Cllr E M Booysen	PT	Social and Local Economic Development	ANC	100	100
Alderlady M M Ferreira	FT	Mayoral Committee	DA	100	100
Cllr V Fortuin	FT	Social Services and Local Economic Development	DA	100	100
		Services			
		Mayoral Committee			
		SALGA Selection			
Cllr H J Levendal	FT	Social Services and Local Economic Development Services	DA	100	100
		Community and Human Resources Services			
		Housing Services			
		Executive Mayoral			
		Heritage			
		Code of Conduct			

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr S S Mbandezi	PT	Financial and Legal Services District Municipality Employment Equity	ANC	95	100
Cllr F N Mdumiso	PT	Community and Human Resources Services	ANC	80	100
		Language			
Cllr Ms D Nqayi	PT	Social Services and Local Economic Development Services	DA	100	100
		Community and Human Resources Services			
		Technical Services			
		Language			
		Training			
Cllr Ms J Siyoko	PT	Social Services and Local Economic Development Services	DA	90	100
		Housing Services			
		Selection			
Cllr R Skombingo	PT	Technical Services	ANC	90	100
		Code of Conduct			
		Appeals			
Cllr Ms M M van Wyk	PT	Technical Services	ANC	90	100
		Training			
Cllr Ms D Van Rensburg	PT	Financial and Legal Services	ACDP	90	100
		Social Services and Local Economic Development Services			
		Heritage			
		Language			
		District Municipality			

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Technical Services and Tourism	The Technical Services and Tourism Committee advises Council on policy, budget planning and resolutions on the two Directorates, namely Technical Services, which is responsible for streets and storm water, water and sewerage, planning and support services (MIG projects), Mechanical Services (Fleet Management and Telemetry) and Electrical Networks and the Directorate of Planning and Integrated Services in respect of strategic planning and development control, building control and streets and storm water. Furthermore, the Committee advises Council on matters relating to tourism development within the Mossel Bay municipal area. The Committee is chaired by Alderman E Scheepers.
Finance and Legal Services	The Finance and Legal Services Committee advises and makes recommendation to Council on various legal matters as well as financial matters relating to the budget, credit control, cash flow, loans and investments. The Committee is chaired by Alderman J van der Merwe.
Human Settlements	The Human Settlements Committee makes recommendations to Council on matters relating to Human Settlement matters. The Committee is chaired by Councillor JC Bayman.
Community Services and Human Resources Services	The Community Services and Human Resources Services Committee makes recommendations to Council and advises on matters relating to waste management, parks and recreation, fire services and traffic and law enforcement. In addition to these matters, the Committee also advises and makes recommendations to Council on Human Resource matters. The Committee is chaired by Councillor P Terblanche.
Social and Local Economic Development Services	The Social and Local Economic Development Services Committee advises Council and makes recommendations on Socio-Economic Development issues. The Committee is chaired by Councillor V Fortuin.

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager
Director: Technical Services	
D Naidoo	
Planning and Customer Services	P Harmse
Network Services	C Geldenhuys
Mechanical Services	D Zwiendelaar
Water and Sanitation Distribution	E Louw
Planning and Bulk Services	A Murray
Director: Community Services	
C Puren	
Libraries	Vacant
Parks and Recreation	A Nel
Manager : Community Safety	H Williamson
Cleansing	Ms L Hesselman
Public Safety: Fire and Rescue Services	J Johnston
Director: Corporate Services	
E Jantjies	
Manager : Human Resources	C Engelbrecht
Manager : Socio-Economic Development	Ms. H Claassen (Acting)
Head : Change Management	G van der Westhuizen
Support Services	JS Coetzee
Information Technology	A Fraser
Director: Financial Services	
MK Botha	
Deputy Town Treasurer Financial Services	HL Le Roux
Supply Chain Management	E Nel
Budget and Treasury	V Basson
Income	E Cabral
Expenditure and Costing	M Jacobs
Director: Development and Planning	
C Venter	
Building Control, Municipal Properties and Outdoor Advertising	S Westerberg
Housing	J van Zyl
Town Planning	E Kruger
Streets and Storm-water	P Myburgh

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

The Mossel Bay Municipality does not have any entities.

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr NR Mzola: Sandile Blou Nobonginkosi Aretha Qole Nwabisa Lindani Mzwandile Pilot Majola Princess Tandokazi Mngodola Eunice Makubalo Margaret Nomabheli Bantom Nkululeko Melane Luthando Mthenganya Alfred Toto Sixaxeni	Yes	4	4	2
2	Cllr NP Jwili Vulisango Joseph Mangali Daniel Saayman Marilyn Fortuin Mzwandile Jacobs Khayaletu Zeblon Tusha Nkosinathi Mlonyeni Clifford Sydon Carlina Roux Mandisa Olivia Ngutyana Nomalungisa Mtsha.	Yes	4	4	2
3	Cllr TMN Mkayo Nosiphiwo Veronica Bobelo Nozimase V Nkonyana Agracia M Mnyaka Florida Mandisa Zwelonke Wineka Fipaza Vulindlela Matiwane Siphiwo Nkonyana Masimphiwe Qatu Thembaletu Faku Nonkoliseko Mjacu	Yes	4	4	2
4	Alderman K. Smit Louis Barnard Peter Juthe Amanda Stevens John O Beukes Melda George	Yes	4	4	2

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Maria Mcauaia Jody Julies Belinda Claassen Rose Maart				
5	Cllr JJ Gerber Anton Delleminj Michael Ehrman Helgaard Muller Johannes Muller Ansie Gerber Donovan Claassen Anna Janse van Rensburg	Yes	4	4	1
6	Alderman E Scheepers Robert Knobel Pieter Koekemoer Jan Viljoen Anita Jantjies Marie Blom Kitty Eigelaar Jeanette Gouws Reché van Wyk	Yes	4	4	0
7	Alderman J van der Merwe Jacobus J Oosthuizen Peter A Du Preez Lesley C Cupido Thomas A Gelderbloem Felicia Lizette Plato Felicity Plaatjies Aubrey Karelse Johannes Goosen Isaack Lewack Denovin B Heradien	Yes	4	4	0
8	Cllr D Kotze Stefaans Grootboom Francois du Plessis Catherine Bhana Chris Swanepoel Jennifer Manho James Malgas Philip van Rensburg Theresa Hendricks Marilyn Kannemeyer	Yes	4	4	2

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Susanna Zaayman Johannes Rysbergen				
9	ClIr E Meyer Bertram Sampson Mervyn Barnard Elize McCarthy Peter McCarthy Rosina Prins Matilda Kleinbooi Magrieta Claasen Nolene Marks Jerohme Kannemeyer Martha Manuel	Yes	4	4	2
10	ClIr P Terblanche Pieter Oberholzer Matthys Nothnagel Erina Marias Johann Andre Holtshausen Mornay Beukes Ockert S Terblanche Anette Ferreira Johannes H Douw Coetsee Elie Enslin	Yes	4	4	0
11	ClIr P Du Plessis Marie De Klerk Eileen Colleen Putter Ivan Zimble William Frost Andries Swart Yvonne van der Linde Dave Thomas Karen van der Merwe Christiaan Nel	Yes	3	3	1
12	ClIr N Maliwana Stephen George October Sizakele Ntgodu Amosi Qomoye Sandra van Aswegen Edgar Phillips Vuyiswa Ntuli Desmond Tarentaal Mvuzo (Wages) Nyakathi	Yes	4	4	1

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Nolwando Mxathule Mavis Hlalenl				
13	Cllr R Ruiters Renata Beukes Emierika Karelse Zelda Beukes Vernon Petersen Noel Philander Bruce Rhode Robin du Plessis Cathleen McCarthy Margret Hermanus Isaac Meyer	Yes	4	4	2
14	Cllr C Bayman Eric Scott Beresford Gelderbloem Richard Wesso Andries Pikaan Zelda Crawford Clive Uithaler Ismail Hassien Dinah Olivier John Jacobs Isak Wildskut	Yes	4	4	2

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2015 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
12	Asazani/liZinyoka Infrastructure	01/07/2014	30/06/2015	20 644 298
15	Regional Sewerage Works: Sludge	01/07/2014	30/06/2015	11 000 000
15	Upgrade of Water Supply Pipeline	01/07/2014	31/05/2015	6 509 566
14	Wolwedans Rehabilitation	01/10/2014	30/06/2015	5 832 000
16	Electrification Projects	01/09/2014	30/06/2015	5 103 033
7	Herbertsdale Services:Infrastr	01/10/2014	30/06/2015	4 492 600
15	Infrastructure for Middle Income	01/10/2014	30/06/2015	4 560 000

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2015

Nr	Date of Meeting	Item nr	Item	Resolution	Status as at 31 July 2015
1	22 August 2014	5.1	Revised Audit Committee Charter and Internal Audit Charter	<ol style="list-style-type: none"> 1. That the revised Audit Committee Charter as well as the Internal Audit Charter be endorsed by the Audit Committee and be submitted to Council for approval. 2. That the Internal Auditors compile a checklist with cut-off dates of what should be done and approved by the Audit Committee 	<ol style="list-style-type: none"> 1. Completed. 2. Completed
2	22 August 2014	6.3	Internal Audit	<ol style="list-style-type: none"> 1. That cognisance be taken that the Internal Audit Strategic and Operational Plan for the 5 month period ending 30 November 2014 were approved via a round-robin process in June 2014 by all the audit committee members. 2. That the Internal Auditors again report on their findings at the HR and Income sections. 3. That the Executive Management attend to the partially implemented findings of the Internal 	<ol style="list-style-type: none"> 1. Completed. 2. Completed. 3. Completed

Nr	Date of Meeting	Item nr	Item	Resolution	Status as at 31 July 2015
				Auditors at the HR and Income sections	
3	14 November 2014	5.1	Audit Committee Activity List	That the Audit Committee Activity List be recommended to the newly appointed Audit Committee and the actions be allocated to specific members	Completed.
4	14 November 2014	6.4	Risk Management and Combined Assurance	That the public again be informed of the Anti-Fraud Hotline	Completed
5.	14 November 2014	6.5	Register of Audit Committee Resolutions	...that the completed actions be taken of the list	Completed
6.	14 November 2014	8.1	The bi-annual performance report of the Audit Committee	The Chairperson, Mr K Boshoff informed the meeting that the Bi-Annual Report is completed. The Chairperson will get in contact with Ms A Badenhorst and the Director: Corporate Services if more information need to be added.	Completed. Report was submitted to Council during December 2014.
7.	14 November 2014	8.2	Annual report of the chairperson of the Audit Committee	That cognisance be taken that the Report of the Chairperson of the Audit Committee will be ready by 30 November 2014. The report should cover the work that was done during the year. The Chairperson must also comment on the Report of the Auditor General.	Completed.

Nr	Date of Meeting	Item nr	Item	Resolution	Status as at 31 July 2015
8.	14 November 2014	8.3	Evaluation of the Audit Committee members	Members must indicate in the "Comments" column how the evaluation form can be improved. Ms A Badenhorst will send an electronic version of the form to the members for completion thereof on or before 30 November 2014. The completed forms must be sent back to Mr K Boshoff.	Finalised. Term of previous audit committee members ended 31 December 2014.
9	20 February 2015	6.3	Internal Audit	That the rolling three-year Strategic Internal Audit Plan for 2015 – 2017, as well as the Operational Internal Audit Plan for the period ending 31 December 2015, are approved by the Audit Committee.	Completed.
10	20 February 2015	7.1	Appointment of new audit committee members	1. That an induction for the Audit Committee members be held during March 2015. 3. That the members be appointed as follows: - Mr J van Wyk – Risk Management - Mr A Dippenaar – PMs - Mr K Boshoff – Financial Statements	1. Completed. Training took place on 10 April 2015. 3. Completed
11	10 April 2015	6.1.1	PMS Management	That the following reports are considered by the Audit and Performance Audit	Completed

Nr	Date of Meeting	Item nr	Item	Resolution	Status as at 31 July 2015
				<p>Committee to enable the Committee to prepare its bi-annual report on PMS to Council:</p> <ul style="list-style-type: none"> • Internal Audit Reports on Performance Management • Findings of the Auditor-General on Performance Management • Implementation Progress Report on Performance Management prepared by the Executive Management • Report on the mid-year performance evaluation of the Section 57-employees (Section 56 appointees and the Managers reporting directly to the Municipal Manager). 	
12	10 April 2015	6.4	Risk Management	That Assurance providers be identified for each risk and that the Committee monitors the outcome thereof.	Completed
13	10 April 2015	7.1	Internal Audit Charter and Audit Committee Charter	That members submit comments on the Internal Audit Charter and Audit Committee Charter before the end of April 2015 to the Chairperson for submission on the next Audit and Performance Audit Committee meeting.	In process. Refer item 5.1 on Agenda
14	10 April 2015	7.2	MGRO 2 Report	That the MGRO 2 Report as well as the LGMTEC Report be discussed at the next meeting	Completed
15	10 April 2015	7.3	Comments on the 2015/2016	That the members provide the Chief Financial Officer with their comments on the	Completed

Nr	Date of Meeting	Item nr	Item	Resolution	Status as at 31 July 2015
			Budget and IDP	Draft IDP and Budget on or before 4 May 2015.	
16	8 May 2015	5.1	Performance Audit Committee Bi-annual report on Performance management for the period ending 31 December 2014	That the Bi-annual report of the Performance Audit Committee on Performance Management for the period ending 31 December 2014 be accepted and referred to Council.	Completed. Presented to Council on 28 May 2015 (E76-05/2015).
17	8 May 2015	6.3	Internal Audit: Report to the Audit and Performance Audit Committee	That the Municipal Manager submits the list of disciplinary actions to the next Audit Committee meeting.	Completed. Refer item 5.2 on Agenda.
18	8 May 2015	7.1	General	That arrangements be made with the Office of the Auditor General to involve the Audit Committee in discussions before commencement of the audit process.	In process. Date of meeting with AG to be set.

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2015)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Moore Stephens Consulting (Pty) Ltd	The provision of an internal audit service for the Mossel Bay Municipality		30/06/2018	H le Roux	Tariffs
Izazi Technologies	Installation of electrical pre-paid meters or smart meters	01/07/2015	30/06/2018	D Naidoo	Tariffs
Power Measurement and Distribution (Pty) Ltd	Installation of electrical meters and automatic card readers	01/07/2015	30/06/2018	D Naidoo	Tariffs
Korbitec (Pty) Ltd t/a Windeed Systems	Supply and installation of a system of deeds office searches	01/07/2015	30/06/2018	E Cabral	Tariffs

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

The Municipality does not have any entities.

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Not Applicable

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	R' 000					
	2014	Current: 2015		2015 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Municipal Manager	119 632	37 570	33 113	56 661	34%	42%
Corporate Services	2 441	2 257	2 442	2 602	13%	6%
Financial Services	90 596	96 752	97 032	97 431	1%	0%
Technical Services	170 228	199 050	197 039	181 976	-9%	-8%
Community Services	89 644	82 627	93 258	93 236	11%	0%
Electricity Services	313 967	333 057	335 342	349 746	5%	4%
Town Planning and Building Control	61 398	55 907	93 831	53 564	-4%	-75%
Total Revenue by Vote	847 905	807 219	852 056	835 216	3%	-2%

APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	2014	2015			2015 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	82 880 704	89 111 107	89 111 667	88 695 617	0%	0%
Property rates - penalties and collection charges	1 423 868	1 550 000	1 550 000	1 660 718	7%	7%
Service Charges - electricity revenue	297 116	312 398	312 398	327 645	5%	5%
Service Charges - water revenue	155	996	996	714	2%	3%
Service Charges - sanitation revenue	82 428 119	86 940 403	85 657 254	88 406 327	12%	10%
Service Charges - refuse revenue	44 478 350	42 957 631	43 673 178	48 662 288	10%	9%
Service Charges - other	33 104 646	32 745 029	33 160 614	36 347 255	7%	-3%
Rentals of facilities and equipment	28 662 116	30 994 624	34 130 749	33 170 630	7%	0%
Interest earned - external investments	5 856 550	5 988 796	6 474 230	6 453 312	31%	29%
Interest earned - outstanding debtors	13 968 480	14 010 000	14 226 200	20 167 960	7%	5%
Dividends received	204 014	183 275	187 310	197 372	0%	0%
Fines	0	0	0	0	24%	-9%
Licences and permits	17 142 428	18 381 505	26 126 580	24 050 681	10%	6%
Agency services	5 204 831	5 083 973	5 280 220	5 644 847	0%	0%
Transfers recognised - operational	0	0	122 096	0	-5%	-39%
Other revenue	78 359 689	92 146 189	758	87 664 101	-14%	42%
Gains on disposal of PPE	105 198	28 783 111	14 641 692	25 268 321	34%	34%
Environmental Protection	296	112 000	112 000	170 134	0%	0%
Total Revenue (excluding capital transfers and contributions)	796 119 671	761 386 639	788 827 448	794 205 278	4,13%	0,68%

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Operating Expenditure of Transfers and Grants						
Local Government Equitable Share	54 705	54 705	54 705	0%	0%	
Finance Management Grant	1 450	1 450	1 450	0%	0%	
Municipal Systems Improvement	934	934	934	0%	0%	
Housing	28 201	44 068	25 261	12%	74%	
Community Development Workers	45	45	46	-3%	-3%	
Library Services	3 937	3 937	3 989	-1%	-1%	
Subsidy - Housing Emergency Kits	1 240	1 240	508	144%	144%	
Subsidy - Newsletters	17	17	18	-9%	-9%	
Mossel Bay Sediment Supply Study	–	243	243	-100%	0%	
Maintenance And Construction Of Transport Infrastructure Grant	42	42	42	0%	0%	
Energy Efficiency And Demand Side Management Grant	–	3 658	3 120	-100%	17%	
Expanded Public Works Programme	704	704	704	0%	0%	
Thusong Service Centre Grant	143	143	143	0%	0%	
Financial Management Support Grant	272	272	272	0%	0%	
Other Specify:						
SETA	1 000	1 000	862	16%	16%	
Eden District - Disaster recovery grant	–	–	1 201	-100%	-100%	
Public Contributions	100	278	430	-77%	-35%	
Capital Expenditure of Transfers and Grants						
Expanded Public Works Programme	1 140	1 150	1 150	-1%	0%	
Department Of Mineral and Energy	5 817	5 817	5 817	0%	0%	
Municipal Disaster Recovery Grant	–	6 809	612	-100%	1012%	
Housing	13 000	30 969	13 305	-2%	133%	
Greenest Municipality Competition	–	130	114	-100%	14%	
Library Services	300	314	261	15%	20%	
Thusong Service Centre Grant	79	79	79	0%	0%	
Community Development Workers Grant	26	26	24	5%	5%	
Energy Efficiency And Demand Side Management Grant	4 000	342	342	1070%	0%	
Maintenance And Construction Of Transport Infrastructure Grant	400	400	400	0%	0%	
Other Specify:						

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Eden District - Disaster recovery grant	–	–	994	-100%	-100%	
Public Contributions	–	17	13	-100%	31%	

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (I): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustm ent Budget	Actual Expendit ure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Infrastructure - Total	46 705	45 750	38 657	11 484	30 298	25 161	28 782	
Infrastructure: Road transport - Total	163.25	200.00	950.49	516.34	054.46	930.00	632.00	
<i>Roads, Pavements & Bridges</i>	13 707	7 369		1 742	5 271	4 921	2 800	
	874.89	000.00		423.53	299.46	579.00	000.00	
	12 750	2 869	2 663	1 460	4 806	4 921	2 800	
	197.52	000.00	425.00	743.06	299.46	579.00	000.00	
	957	4 500	4 500	281	465	0.00	0.00	
<i>Storm water Infrastructure:</i>	677.37	000.00	000.00	680.47	000.00			
Electricity - Total	13 196	12 435	10 977	3 596	9 840	9 540	11 302	
	796.96	000.00	978.95	253.34	351.00	351.00	632.00	
<i>Generation</i>	0.00	12 230	12 230	3 576	1 800	800	1 000	
		000.00	000.00	271.04	000.00	000.00	000.00	
<i>Transmission & Reticulation</i>	12 055	25	-1 432	0.00	7 940	8 640	10 202	
	034.39	000.00	021.05		351.00	351.00	632.00	
<i>Street Lighting</i>	1 141	180	180	19	100	100	100	
	762.57	000.00	000.00	982.30	000.00	000.00	000.00	
Infrastructure: Water -	5 119	10 650	12 538	1 138	1 566	2 600	4 540	

Total	726.36	000.00	539.54	717.95	404.00	000.00	000.00
	821	700	700	61	0.00	300	2 000
<i>Dams & Reservoirs</i>	661.00	000.00	000.00	000.00		000.00	000.00
	99	725	2 613	296	500	1 100	0.00
<i>Water purification</i>	333.64	000.00	539.54	830.27	000.00	000.00	
	4 198	9 225	9 225	780	1 066	1 200	2 540
<i>Reticulation</i>	731.72	000.00	000.00	887.68	404.00	000.00	000.00
Infrastructure:	14 480	14 660	14 735	4 980	13 620	8 100	10 140
Sanitation - Total	976.67	000.00	000.00	811.52	000.00	000.00	000.00
	10 643	2 210	1 960	75	13 250	8 100	9 850
<i>Reticulation</i>	143.58	000.00	000.00	222.64	000.00	000.00	000.00
<i>Sewerage</i>	3 837	12 450	12 775	4 905	370	0.00	290
<i>purification</i>	833.09	000.00	000.00	588.88	000.00		000.00
Infrastructure: Other - Total	199	636	406	26	0.00	0.00	0.00
	788.37	200.00	432.00	310.00			
	199	636	406	26	0.00	0.00	0.00
<i>Waste Management</i>	788.37	200.00	432.00	310.00			
<i>Transportation</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Gas</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Other</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community - Total	5 500	1 170		480.00	3 559	3 484	225
	366.62	158.00			298.00	999.96	000.00
	0.00	150	150	0.00	30	0.00	0.00
<i>Parks & gardens</i>		000.00	000.00		000.00		
	654	70	-62	0.00	219	600	200
<i>Sportsfields & stadia</i>	754.53	000.00	789.00		298.00	000.00	000.00
<i>Swimming pools</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	154	115	115	480.00	0.00	0.00	0.00
<i>Community halls</i>	943.39	000.00	000.00				
	132	329	315	0.00	2 000	1 999	0.00
<i>Libraries</i>	465.32	158.00	374.32		000.00	999.96	
	145	0.00	0.00	0.00	770	585	0.00
<i>Recreational facilities</i>	126.21				000.00	000.00	
<i>Fire, safety & emergency</i>	205	386	381	0.00	0.00	0.00	0.00
	200.54	000.00	270.00				
	242	0.00	-407	0.00	240	0.00	25
<i>Security and policing</i>	325.53		997.00		000.00		000.00
<i>Buses</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Clinics</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Museums & Art Galleries</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	65	120	150	0.00	300	300	0.00
<i>Cemeteries</i>	551.10	000.00	000.00		000.00	000.00	
<i>Social rental housing</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3 900	0.00	0.00	0.00	0.00	0.00	0.00
<i>Other</i>	000.00						
<i>Table continued next page</i>							

*Table continued from
previous page*

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	0.00	0.00		0.00	0.00	0.00	0.00
Buildings	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment properties - Total	0.00	0.00		0.00	0.00	0.00	0.00
Housing development	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
-							
	16 786	24 901		1 972	40 239	8 298	7 609
Other assets	142.06	547.00		776.39	486.94	653.84	077.51
	3 508	6 430	6 115	214	522	425	450
General vehicles	854.57	000.00	489.00	568.16	007.00	000.00	000.00
Specialised vehicles	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	483	0.00	500	0.00	6 264	4 525	1 850
Plant & equipment	873.27		420.00		000.00	000.00	000.00
Computers -	198	4 087	3 182	184	92	0.00	0.00
hardware/equipment	399.00	298.00	467.88	000.00	281.00		
Furniture and other	988	1 319	1 919	644	1 361	686	305
office equipment	590.79	512.00	059.69	666.60	199.00	167.00	044.00
Abattoirs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Markets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	31	64	65	43	0.00	2 162	5 002
Civic Land and Buildings	038.65	737.00	825.00	894.61		486.84	033.51
	9 562	13 000	30 968	885	200	0.00	0.00
Other Buildings	916.09	000.00	897.60	647.02	000.00		
	1 975	0.00	0.00	0.00	31 799	500	0.00
Other Land	286.01				999.94	000.00	
Surplus Assets -	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Investment or Inventory)							
	37	0.00	23	0.00	0.00	0.00	2 000.00
Other	183.68		000.00				
Agricultural assets	0.00	0.00		0.00	0.00	0.00	0.00
<i>List sub-class</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Biological assets	0.00	0.00		0.00	0.00	0.00	0.00
<i>List sub-class</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.00	0.00		0.00	0.00	0.00	0.00
Computers - software & programming	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other (<i>list sub-class</i>)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Expenditure on new assets	68 991	71 821	38 657	13 457	74 096	36 945	36 616
	671.93	905.00	950.49	772.73	839.40	583.80	709.51
Specialised vehicles	0.00	0.00		0.00	0.00	0.00	0.00
Refuse	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Conservancy	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ambulances	0.00	0.00	0.00	0.00	0.00	0.00	0.00
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							
T M.1							

APPENDIX M (II): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	37 350	49 152	55 917	11 484	55 793	59 879	54 565
	979.67	895.00	959.22	516.34	211.00	893.00	490.00
Infrastructure: Road transport -Total	25 549	27 074	33 795	1 742	29 419	27 282	23 808
	317.94	540.00	622.39	423.53	375.00	325.00	719.00
<i>Roads, Pavements & Bridges</i>	21 054	21 039	21 767	1 460	22 085	19 632	13 619
	107.17	003.00	278.37	743.06	362.00	325.00	731.00
	4 495	6 035	12 028	281	7 334	7 650	10 188
	210.77	537.00	344.02	680.47	013.00	000.00	988.00
<i>Storm water</i>	7 435	11 638	11 660	3 596	11 130	12 120	10 000
	322.40	597.00	053.83	253.34	000.00	000.00	000.00
Infrastructure: Electricity - Total	0.00	11 388	11 388	3 576	400	400	400
		597.00	597.00	271.04	000.00	000.00	000.00
<i>Generation</i>	7 435	200	221	0.00	10 680	11 670	9 400
<i>Transmission &</i>							

<i>Reticulation</i>	322.40	000.00	456.83		000.00	000.00	000.00
	0.00	50	50	19	50	50	200
<i>Street Lighting</i>		000.00	000.00	982.30	000.00	000.00	000.00
Infrastructure: Water	3 132	6 758	6 698	1 138	8 693	15 877	14 556
- Total	236.36	162.00	162.00	717.95	836.00	568.00	771.00
	0.00	6 558	6 558	61	0.00	0.00	0.00
<i>Dams & Reservoirs</i>		162.00	162.00	000.00			
	240	200	140	296	0.00	1 500	0.00
<i>Water purification</i>	516.33	000.00	000.00	830.27		000.00	
	2 891	0.00	0.00	780	8 693	14 377	14 556
<i>Reticulation</i>	720.03			887.68	836.00	568.00	771.00
Infrastructure: Sanitation - Total	1 234	3 681	3 697	4 980	6 250	4 300	6 200
	102.97	596.00	596.00	811.52	000.00	000.00	000.00
	1 138	3 531	3 547	75	3 360	3 100	2 500
<i>Reticulation</i>	146.67	596.00	596.00	222.64	000.00	000.00	000.00
<i>Sewerage</i>	95	150	150	4 905	2 890	1 200	3 700
<i>purification</i>	956.30	000.00	000.00	588.88	000.00	000.00	000.00
Infrastructure: Other - Total	0.00	0.00	66	26	300	300	0.00
			525.00	310.00	000.00	000.00	
<i>Waste Management</i>	0.00	0.00	66	26	300	300	0.00
			525.00	310.00	000.00	000.00	
<i>Transportation</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Gas</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Other</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community	7 474	655	685	480.00	5 347	6 722	7 282
	255.50	000.00	000.00		251.75	149.12	149.12
	0.00	115	115	0.00	0.00	0.00	0.00
<i>Parks & gardens</i>		000.00	000.00				
	6 956	340	350	0.00	4 217	3 102	2 912
<i>Sportsfields & stadia</i>	998.13	000.00	000.00		251.75	149.12	149.12
<i>Swimming pools</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	21	0.00	0.00	480.00	0.00	0.00	350
<i>Community halls</i>	720.00						000.00
	77	60	60	0.00	0.00	0.00	0.00
<i>Libraries</i>	839.74	000.00	000.00				
	334	65	65	0.00	35	600	0.00
<i>Recreational facilities</i>	970.17	000.00	000.00		000.00	000.00	
<i>Fire, safety & emergency</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	57	25	45	0.00	780	2 950	4 020
<i>Security and policing</i>	235.00	000.00	000.00		000.00	000.00	000.00
<i>Buses</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Clinics</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Museums & Art Galleries</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	25	50	50	0.00	150	70	0.00
<i>Cemeteries</i>	492.46	000.00	000.00		000.00	000.00	
<i>Social rental housing</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Other</i>	0.00	0.00	0.00	0.00	165	0.00	0.00

					000.00		
Heritage assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Buildings	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Table continued next page</i>							

<i>Table continued from previous page</i>							
Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Housing development	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	464	2 080	1 708	1 972	7 137	8 355	5 835
Other assets	745.66	000.00	000.00	776.39	000.00	000.00	000.00
General vehicles	110 063.79	0.00	0.00	214 568.16	3 120 000.00	4 930 000.00	3 600 000.00
Specialised vehicles	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant & equipment	0.00	0.00	0.00	0.00	1 230 000.00	1 365 000.00	0.00
Computers - hardware/equipment	165 815.79	1 130 000.00	1 130 000.00	184 000.00	2 150 000.00	1 900 000.00	1 880 000.00
Furniture and other office equipment	0.00	0.00	0.00	644 666.60	162 000.00	50 000.00	50 000.00
Abattoirs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Markets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Civic Land and Buildings	101 047.96	950 000.00	578 000.00	43 894.61	110 000.00	0.00	300 000.00
Other Buildings	87 818.12	0.00	0.00	885 647.02	360 000.00	110 000.00	0.00
Other Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Surplus Assets - (Investment or Inventory)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	5 000.00	0.00	5 000.00
Agricultural assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>List sub-class</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Biological assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>List sub-class</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Computers - software & programming	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other (<i>list sub-class</i>)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Expenditure on renewal of existing assets	45 289 980.83	51 887 895.00	58 310 959.22	13 457 772.73	68 277 462.75	74 957 042.12	67 682 639.12
Specialised vehicles	0.00	0.00		0.00	0.00	0.00	0.00
Refuse							
Fire	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Conservancy	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ambulances	0.00	0.00	0.00	0.00	0.00	0.00	0.00
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b) T M.2							

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2015

Capital Programme by Project: 2015					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
Sandhoogte Water Treatment: New Dosing Pumps and Mixers	65 000	65 000	63 676	-2%	-2%
Furniture, Tools and Equipment	10 000	20 000	19 587	-2%	49%
Replacement of Vehicles: CBS 25951	230 000	205 900	205 580	0%	-12%
New Filters at Ruitersbos Water Works	60 000	60 000	50 346	-19%	-19%
New Multi-Purpose Trailer	40 000	28 900	28 900	0%	-38%
Replacement of Vehicle: CBS 25955	0	270 000	230 428	-17%	100%
New Inline Turbidity Meters at Little Brak River Water Works Sandfilters	500 000	416 397	416 397	0%	-20%
Upgrade Entrance Road to Great Brak River Water Works	200 000	140 000	140 969	1%	-42%
New Filters at Herbertsdale Water Works	60 000	60 000	52 534	-14%	-14%
New Connections	1 100 000	400 000	293 659	-36%	-275%
Furniture, Tools and Equipment	45 000	46 000	45 057	-2%	0%
Pumps and Switchgear	250 000	224 100	224 053	0%	-12%
Telemetry: Expansion New System	100 000	45 000	42 025	-7%	-138%

Capital Programme by Project: 2015					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
New Multi-Purpose Trailer	45 000	28 900	28 900	0%	-56%
Replace Water Network Lines - All Areas	1 500 000	1 524 000	1 523 274	0%	2%
New Water Pumps: Replace with New Model Pumps	350 000	300 000	329 798	9%	-6%
Increase Pump Station Capacity: Langeberg	2 200 000	2 885 442	2 957 446	2%	26%
New 2-way Radios (Water Distribution Services)	30 000	45 000	32 602	-38%	8%
Installation of Intelligent Bulk Watermeter Reading Devices	200 000	200 000	192 602	-4%	-4%
Friemersheim: New Bulk Water Pipeline	450 000	500 000	471 414	-6%	5%
Replacement of Fencing at Reservoirs	500 000	500 000	431 780	-16%	-16%
New Bulk Water Pipeline: Nautilus to Boggomsbaai	3 000 000	3 000 000	2 898 208	-4%	-4%
Upgrade of Water Supply Pipeline from Little Brak River Water Treatment Plant to Langeberg Reservoirs	6 558 162	6 509 566	6 508 587	0%	-1%
Acquisition of Vleesbaai Water Pipeline by the Municipality	0	335 231	335 231	0%	100%
Kloofsig Water Pipeline	0	2 001 911	2 001 911	0%	100%
Purchase of Canopy: CBS 25954	0	21 500	21 157	-2%	100%
Purchase of Canopy: CBS 33238	0	21 500	21 457	0%	100%
Building of Structure around the Generator	0	50 000	32 175	-55%	100%
New Reservoir	200 000	200 000	207 194	3%	3%
Sanitation/Sewerage			0		
Upgrade Telemetry	80 000	100 000	96 656	-3%	17%
Regional Sewerage Works: Sludge Drying Facility	11 000 000	11 000 000	10 999 937	0%	0%
Furniture, Tools and Equipment	10 000	26 000	24 483	-6%	59%
Replace Old Model Pump Stations with New Ones	440 000	450 000	442 623	-2%	1%
Fencing Sewer Pump Stations	150 000	175 000	147 935	-18%	-1%
New Level-Sensor for Sewer Pits	120 000	137 000	133 891	-2%	10%
Capital Spares (Replacement of Mixer Motors)	0	300 000	0	0%	0%
New Connections	300 000	50 000	50 893	2%	-489%
Grinders for Pump Stations	500 000	473 000	463 706	-2%	-8%
Replacement of Vehicle: CBS 33195	230 000	200 000	200 258	0%	-15%
Furniture, Tools and Equipment	45 000	34 500	26 326	-31%	-71%
New Sewer Lines in Asla Park and KwaNonqaba	500 000	402 462	402 461	0%	-24%
New Sewer Lines : D'Almeida	1 000 000	541 400	516 978	-5%	-93%
Upgrade of Beach Street Sewer Pump Station	200 000	161 000	119 969	-34%	-67%
New 2-way Radios	15 000	7 700	7 618	-1%	-97%
Capacity Increase of Friemersheim Sewerage Treatment Plant	2 746 596	2 529 750	2 401 947	-5%	-14%

Capital Programme by Project: 2015					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Increase Sewer Pipeline at Village- on-Sea	500 000	597 538	485 941	-23%	-3%
Extension of Friemersheim Sewerage System	25 000	21 000	20 817	-1%	-20%
Upgrading of Sewer Pump Station (Erf 4331)	60 000	80 000	78 067	-2%	23%
Purchase of Canopy: CBS 33243	0	21 500	19 702	-9%	100%
Additional Screens at Inlet Works	650 000	630 000	628 150	0%	-3%
Electricity					
Furniture, Tools and Equipment	15 000	15 000	15 094	1%	1%
Vehicle Management System	15 000	15 000	12 013	-25%	-25%
Replacement Network Hartenbos	400 000	500 000	499 900	0%	20%
Replacement Low-Voltage Overhead Lines Central Town	1 000 000	980 000	1 003 568	2%	0%
Second Point of Supply, Glentana/Great Brak River Area	3 900 000	3 680 000	3 455 017	-7%	-13%
Substation Improvements (Enhancement 11kV equipment) : Ext 12 Substation	600 000	575 000	568 786	-1%	-5%
Substation Improvements (Enhancement 11kV equipment) : De Bakke Substation	1 000 000	920 000	873 451	-5%	-14%
New 22kV Transmission Line Little Brak River Sewerage Farm Phases 1 and 2	30 000	30 000	30 000	0%	0%
Replacement Network Low Voltage	500 000	500 000	406 452	-23%	-23%
New Connections	800 000	800 000	842 268	5%	5%
Replace Ageing Miniature Substations	1 000 000	1 208 900	1 203 540	0%	17%
Replace MV Ring Main Units	1 000 000	791 100	791 100	0%	-26%
Electrification Projects	3 329 825	5 103 033	5 103 019	0%	35%
Tools and Equipment	100 000	125 000	112 846	-11%	11%
Replacement of Vehicle: CBS 21327	230 000	230 000	215 468	-7%	-7%
Street Lights: Great Brak River	50 000	50 000	49 595	-1%	-1%
66kv Overhead Line Upgrade- Intake to South Substation	2 000 000	2 030 000	1 996 693	-2%	0%
Groenkloof K/B Switching Substation- New 11kv Switch Room	2 500 000	2 720 000	2 581 928	-5%	3%
Public Parking Area at Electrical Meter Department	100 000	100 000	96 704	-3%	-3%
High Mast Lights for Various Wards	180 000	180 000	120 607	-49%	-49%
Infrastructure for Middle Income Housing	1 000 000	970 000	1 233 759	21%	19%
Great Brak River Main Substation -New 11kV Switchroom	250 000	250 000	66 846	-274%	-274%
11 kV Overhead Line Upgrade-Sandhoogte	600 000	600 000	473 213	-27%	-27%
Replacement of Trailer - CBS 19322	30 000	30 000	24 500	-22%	-22%
Energy Efficiency and Demand-Side Management Projects	3 508 772	300 000	313 142	4%	-1021%
Emergency Backup System	0	280 000	264 263	-6%	100%
Tools and Equipment	35 000	20 000	13 788	-45%	-154%
New Two Way Radios	25 000	25 000	22 854	-9%	-9%
Upgrading of Mechanical Workshop	200 000	200 000	190 436	-5%	-5%

Capital Programme by Project: 2015					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Housing			0		
Herbertsdale Services: Infrastructure	0	4 492 600	3 406 477	-32%	100%
Wolwedans Rehabilitation	0	5 832 000	5 272 724	-11%	100%
Asazani/Iizinyoka Services to 256 Erven	13 000 000	20 644 298	4 626 284	-346%	-181%
Refuse Removal			0		
Bulk Containers	100 000	89 000	88 063	-1%	-14%
Supply of BinLifters	50 000	45 254	45 254	0%	-10%
Recycling Bins	50 000	0	0	0%	0%
Vehicle Management System	6 200	6 200	0	0%	0%
Replacing of Rubbish Bins and Skips and Environmental Health at Informal Settlements	80 000	80 000	78 290	-2%	-2%
Upgrading of Compactor Units	0	66 525	0	0%	0%
Hartridge Meter-Vehicle Emissions Testing	60 000	65 288	65 288	0%	8%
Furniture, Tools and Equipment	50 000	28 690	24 540	-17%	-104%
Replacement of Vehicles: CBS 32787	910 000	775 683	730 461	-6%	-25%
Replacement of Vehicles: CBS 32903	1 500 000	1 086 109	1 058 976	-3%	-42%
Replacement of Vehicles: CBS 36899	230 000	110 896	116 903	5%	-97%
Replacement of Vehicles: CBS 8127	1 500 000	1 086 109	1 058 976	-3%	-42%
Composting Equipment	175 000	0	0	0%	0%
Tractor	125 000	256 310	256 310	0%	51%
Lawnmower- Herbertsdale	20 000	20 000	0	#DIV/0!	#DIV/0!
Stormwater					
Improve Stormwater System: Amy Searle, Greenhaven	4 085 537	4 085 537	4 062 832	-1%	-1%
Stormwater Channel Eroded (Oudeweg)	0	208 450	16 461	-1166%	100%
Stormwater Flooding of Erven/Soak-Away Capacity problems (Elandslaagte Street, Hartenbos)	0	352 000	0	#DIV/0!	#DIV/0!
Gravel Road Eroded (Sandhoogte Road)	0	238 294	18 818	-1166%	100%
Stormwater Flooding of Erven/No Drainage Network (Third Avenue and Swart Street)	0	363 000	28 666	-1166%	100%
Outlet Structure Damage (P. Nutans)	0	333 438	165 601	-101%	100%
Outlet Structure Damage (KwaNonqaba, Mzamohle Street)	0	233 888	18 470	-1166%	100%
Stormwater Flooding (Kiewiet and Cupido Streets)	0	808 954	53 352	-1416%	100%
Outlet Structure Damage (De Bakke and Nautica)	0	2 324 025	153 286	-1416%	100%
Outlet Structure Damage (George Road and 4th Avenue)	0	113 781	8 985	-1166%	100%
Stormwater Network Capacity problems (Strand to Marsch Avenue)	0	996 978	73 590	-1255%	100%
Improve Stormwater Drainage: Stormwater	200 000	211 600	211 534	0%	5%

Capital Programme by Project: 2015					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
System, Eureka Park					
Improve Stormwater Drainage: Stormwater System, Hersham	750 000	637 000	636 110	0%	-18%
Upgrade the Stormwater Drainage Capacity of Nooitgedacht Road, Bayview	1 000 000	1 000 000	960 483	-4%	-4%
Infrastructure for Middle Income Housing (Streets and Stormwater)	4 200 000	4 560 000	4 560 000	0%	8%
Economic Development					
Sound System-Indoor Sports Centre	18 000	13 800	13 800	0%	-30%
Purchase of a New Vehicle-LED Youth and LED HIV/Elderly	130 000	122 400	125 703	3%	-3%
Furniture, Tools and Equipment-LED	1 500	1 125	1 012	-11%	-48%
Furniture, Tools and Equipment-Thusong Centre	17 500	24 093	31 919	25%	45%
Furniture, Tools and Equipment-CDW's	8 772	8 772	8 477	-3%	-3%
Purchase of a Wheelchair	0	20 000	19 500	-3%	100%
Purchase New Vehicle (Ward Committees and Public Participation)	0	140 000	123 337	-14%	100%
Sports, Arts and Culture					
Replacement of Existing Sun Shades: Point	65 000	65 000	65 000	0%	0%
Furniture, Tools and Equipment	10 000	12 000	11 132	-8%	10%
Furniture, Tools and Equipment	70 000	67 700	65 580	-3%	-7%
New Play Parks: St. Blaize Street	45 000	40 000	40 000	0%	-13%
New Play Parks: New Housing Development (Asazani/IZinyoka)	55 000	49 500	49 500	0%	-11%
Upgrading and Maintaining of Existing Play Parks Including New Palissade Fence	55 000	55 000	39 647	-39%	-39%
Ramp for Disabled at Suiderkruis Ablution Facilities	60 000	24 561	24 561	0%	-144%
Tractor-Mounted Brush Cutter	30 000	29 000	29 000	0%	-3%
Furniture, Tools and Equipment	70 000	66 800	65 244	-2%	-7%
Rotary Lawnmowers x 2 (Pitch Cutters)	70 000	69 650	69 650	0%	-1%
Construction of White Sight Screens at Van Riebeeck Stadium Cricket Grounds	60 000	60 000	0	0%	0%
Extension of Rugby Clubhouse -D'Almeida	150 000	150 000	0	0%	0%
Construction of Cricket Nets and Lighting at Nets	100 000	0	0	0%	0%
Extension of Jukskei Clubhouse	30 000	46 000	45 900	0%	35%
Purchase of a Trailer	35 000	21 930	21 930	0%	-60%
Speed Bumps at Geelhout Ave: Friemersheim	25 000	20 270	20 270	0%	-23%
Furniture, Tools and Equipment	30 000	37 000	36 906	0%	19%
Purchased of Leased Vehicles: CBS 42209	38 000	40 347	40 347	0%	6%
Purchased of Leased Vehicles: CBS 42207	40 000	42 237	42 237	0%	5%
Purchased of Leased Vehicles: CBS 42211	38 000	39 015	39 015	0%	3%

Capital Programme by Project: 2015					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Replacement of Vehicle: CBS 10144	0	159 000	123 337	-29%	100%
Speed Bumps at Steenbras Street, Ext.26	0	10 000	10 000	0%	100%
Speed Bumps at Eland Street Ext.9	0	10 000	10 000	0%	100%
Furniture, Tools and Equipment (Law Enforcement)	50 000	49 985	49 783	0%	0%
Expandable Barriers	30 000	23 880	23 880	0%	-26%
Alcohol Meters	25 000	21 925	21 925	0%	-14%
Plastic Road Barriers	30 000	26 135	26 135	0%	-15%
Bulk Filling Cabinets	16 000	16 311	16 311	0%	2%
Two-Way Communication Radios	20 000	22 854	22 854	0%	12%
ICT and Other					
Computer Leases	1 130 000	1 075 275	990 576	-9%	-14%
VM Solution	3 500 000	2 373 608	2 373 608	0%	-47%
Replace AD Servers	450 000	426 392	425 555	0%	-6%

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2015

Capital Programme by Project by Ward: 2015			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Water			
Sandhoogte Water Treatment: New Dosing Pumps and Mixers	15	Yes	
Furniture, Tools and Equipment	17	Yes	
Replacement of Vehicles: CBS 25951	17	Yes	
New Filters at Ruitersbos Water Works	14	No	
New Multi-Purpose Trailer	17	Yes	
Replacement of Vehicle: CBS 25955	17	Yes	
New Inline Turbidity Meters at Little Brak River Water Works Sandfilters	15	Yes	
Upgrade entrance road to Great Brak Water Works	15	Yes	
New Filters at Herbertsdale Water Works	7	No	
New Connections	16	No	
Furniture, Tools and Equipment	17	Yes	
Pumps and Switchgear	16	Yes	
Telemetry: Expansion New System	16	Yes	

Capital Programme by Project by Ward: 2015			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
New Multi-Purpose Trailer	17	Yes	
Replace Water Network Lines - All Areas	16	Yes	
New Water Pumps: Replace with New Model Pumps	17	Yes	
Increase Pump Station Capacity: Langeberg Reservoir	15	Yes	
New 2-way Radios (Water Distribution Services)	17	Yes	
Installation of Intelligent Bulk Watermeter Reading Devices	16	Yes	
Friemersheim: New bulk Water Pipeline	14	Yes	
Replacement of Fencing at Reservoirs	15	No	
New Bulk Water Pipeline: Nautilus to Boggomsbaai	7	No	
Upgrade of Water Supply Pipeline from Little Brak Water Treatment Plant to Langeberg Reservoirs	15	Yes	
Acquisition of Vleesbaai Water Pipeline by the Municipality	15	Yes	
Kloofsig Water Pipeline	16	Yes	
Purchase of Canopies: CBS 25954	17	Yes	
Purchase of Canopies: CBS 33238	17	Yes	
Building of Structure Around the Generator	17	Yes	
New Reservoir	14	Yes	
Sanitation/Sewerage			
Upgrade Telemetry	16	Yes	
Regional Sewerage Works: Sludge Drying Facility	15	No	
Furniture, Tools and Equipment	17	Yes	
Replace Old Model Pump Stations with New Ones	16	No	
Fencing Sewer Pump Stations	16	Yes	
New Level-Sensor for Sewer Pits	17	No	
Capital Spares (Replacement of Mixer Motors)	17	Yes	
New Connections	16	Yes	
Grinders for Pump Stations	15	Yes	
Replacement of Vehicle: CBS 33195	17	Yes	
Furniture, Tools and Equipment	17	Yes	
New Sewer Lines in Asla Park and KwaNonqaba	3	Yes	
New Sewer Lines : D'Almeida	9	Yes	
Upgrade of Beach Street Sewer Pump Station	8	No	
New 2-way Radios	17	Yes	
Capacity increase of Friemersheim Sewerage Treatment Plant	14	Yes	
Increase Sewer Pipeline at Village-on-Sea	6	Yes	
Extension of Friemersheim Sewerage System	14	Yes	

Capital Programme by Project by Ward: 2015			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Upgrading of Sewer Pump Station (Erf 4331)	10	Yes	
Purchase of Canopy: CBS 33243	17	Yes	
Additional Screens at Inlet Works	15	Yes	
Electricity			
Furniture, Tools and Equipment	17	Yes	
Vehicle Management System	17	Yes	
Replacement Network Hartenbos	10	No	
Replacement Low-Voltage Overhead Lines Central Town	8	Yes	
2nd Point of Supply, Glentana/Great Brak River Area	15	No	
Substation Improvements (Enhancement 11kV equip.) : Ext 12 Substation	15	Yes	
Substation Improvements (Enhancement 11kV equip.) : De Bakke Substation	15	No	
New 22kV Transmission Line Little Brak River Sewerage Farm Phases 1and2	15		
Replacement Network Low Voltage	9	No	
New Connections	16	No	
Replace Ageing Miniature Substations	16	No	
Replace MV Ring Main Units	16	No	
Electrification Projects	16	No	
Tools and Equipment	17	Yes	
Replacement of Vehicle: CBS 21327	17	Yes	
Street Lights: Great Brak River	5	Yes	
66kv Overhead Line Upgrade- Intake to South Substation	15	No	
Groenkloof K/B Switching Substation- New 11kv Switch Room	4	No	
Public Parking Area at Electrical Meter Department	16	Yes	
High Mast Lights for Various Wards	15	No	
Infrastructure for Middle Income Housing	15	Yes	
Great Brak River Main Substation-New 11kV Switch Room	5	Yes	
11 kV Overhead Line Upgrade-Sandhoogte	5	No	
Replacement of Traylor-CBS 19322	17	Yes	
Energy Efficiency and Demand Side Management Projects	16	No	
Emergency Back-up System	16	Yes	
Tools and Equipment	17	Yes	
New Two-Way Radios	17	Yes	
Upgrading of Mechanical Workshop	17	Yes	
Housing			
Herbertsdale Services: Infrastructure	7	No	
Wolwedans Rehabilitation	14	No	

Capital Programme by Project by Ward: 2015			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Asazani/Iizinyoka Services to 256 Erven	12	No	
Refuse removal			
Bulk Containers	16	Yes	
Supply of Bin Lifters	16	Yes	
Recycling Bins	16	Yes	
Vehicle Management System	17	No	
Replacing of Rubbish Bins and Skips and Environmental Health at Informal Settlements	3	Yes	
Upgrading of Compactor Units	16	No	
Hartridge Meter-Vehicle Emissions Testing	15	Yes	
Furniture ,Tools and Equipment	17	Yes	
Replacement of Vehicles: CBS 32787	17	Yes	
Replacement of Vehicles: CBS 32903	17	Yes	
Replacement of Vehicles: CBS 36899	17	Yes	
Replacement of Vehicles: CBS 8127	17	Yes	
Composting Equipment	17	Yes	
Tractor	17	Yes	
Lawnmower- Herbertsdale	17	No	
Stormwater			
Improve Stormwater: Amy Searle Greenhaven	14	Yes	
Stormwater Channel Eroded (Oudeweg)	5	No	
Stormwater Flooding of Erven/Soak-away Capacity Problems (Elandslaagte Street, Hartenbos)	5	No	
Gravel Road Eroded (Sandhoogte Road)	10	No	
Stormwater Flooding of Erven/No Drainage Network (Third Avenue and Swart Street)	5	No	
Outlet Structure Damage (P.Nutans)	11	No	
Outlet Structure Damage (KwaNonqaba: Mzamohle)	3	No	
Stormwater Flooding (Kiewiet and Cupido Streets)	9	No	
Outlet Structure Damage (Bakke and Nautica)	9 & 8	No	
Outlet Structure Damage (George Road and Fourth Avenue)	8	No	
Stormwater Network Capacity Problems (Strand to Marsch Laan)	8	No	
Improve Stormwater Drainage: Eureka Park	5	Yes	
Improve Stormwater Drainage: Hersham	5	Yes	
Upgrade the Stormwater Drainage Capacity of Nooitgedacht Road , Bayview	10	Yes	

Capital Programme by Project by Ward: 2015			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Infrastructure for Middle Income Housing (Streets and Stormwater)	15	Yes	
Economic Development	17	Yes	
Sound System- Indoor Sports Centre	17	Yes	
Purchase of a New Vehicles - LED Youth and LED HIV/Elderly	17	Yes	
Furniture, Tools and Equipment - LED	17	Yes	
Furniture, Tools and Equipment-Thusong Centre	17	Yes	
Furniture, Tools and Equipment-CDW's	17	Yes	
Purchase of a Wheelchair	17	Yes	
Purchase New Vehicle-(Ward Committees and Public Participation)			
Sports, Arts and Culture	8	Yes	
Replacement of Existing Sun Shades: Point	17	Yes	
Furniture, Tools and Equipment	17	Yes	
Furniture, Tools and Equipment	9	Yes	
New Play Parks: St. Blaize Street	12	Yes	
New Play Parks: New Housing Development (Asazani/iZinyoka)	7	Yes	
Upgrading and Maintaining of Existing Play Parks Including New Pallisade Fence	14	Yes	
Ramp for Disabled at Suiderkruis Ablution Facilities	17	Yes	
Tractor Mounted Brush Cutter	17	Yes	
Furniture, Tools and Equipment	17	Yes	
Rotary Lawnmowers x 2 (Pitch Cutters)	8	No	
Construction of White Sight Screens at Van Riebeeck Stadium Cricket Grounds	9	No	
Extension of Rugby Clubhouse: D'Almeida	16	No	
Construction of Cricket Nets and Lighting at Nets	10	Yes	
Extension of Jukskei Clubhouse			
Safety and Security	17	Yes	
Purchase of a Trailer	14	Yes	
Speed Bumps at Geelhout Ave: Friemersheim	17	Yes	
Furniture, Tools and Equipment	17	Yes	
Purchased of Leased Vehicles: CBS 42209	17	Yes	
Purchased of Leased Vehicles: CBS 42207	17	Yes	
Purchased of Leased Vehicles: CBS 42211	17	Yes	

Capital Programme by Project by Ward: 2015			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Replacement of Vehicle: CBS 10144	17	Yes	
Speed Bumps at Steenbras Street, Ext.26	17	Yes	
Speed Bumps at Eland Street Ext.9	17	Yes	
Furniture, Tools and Equipment (Law Enforcement)	16	Yes	
Expandable Barriers	16	Yes	
Alcohol Meters	17	Yes	
Plastic Road Barriers	17	Yes	
Bulk Filling Cabinets	17	Yes	
Two-Way Communication Radios			
ICT and Other	17	No	
Computer Leases	17	Yes	
VM Solution	17	Yes	
			<i>TO</i>

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

None

**APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE
ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION**

None

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: 2015				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
None				

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

None

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.

2015 Annual Report

VOLUME 2

Annual Financial Statements



MOSSELBAY
MUNICIPALITY



A N N U A L F I N A N C I A L S T A T E M E N T S

2014/15



MOSSELBAAI MOSSEL BAY MOSSELBAYI

VISION

We strive to be a trend-setting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity.

MISSION

- To render cost-effective and sustainable services to the entire community with diligence and empathy.
- To create mutual trust and understanding between the municipality and the community.
- To have a motivated and representative municipal workforce with high ethical standards, which is empowered to render optimal services to the community.
- To apply good and transparent corporate governance in order to promote community prosperity.

VALUES

The community is our inspiration and our workforce is our strength in the quest for community development and service delivery. We therefore value:

- Work pride.
- Service excellence.
- Integrity.
- Loyalty.
- Accountability.



Explore Endless Horizons!

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GENERAL INFORMATION

Mayoral Committee:	<p>Alderlady M Ferreira (Executive Mayor)</p> <p>Councillor H Levendal (Deputy Executive Mayor)</p> <p>Alderman J van der Merwe (Chairperson of Finance, Human Resources and Legal Services Committee)</p> <p>Alderman E Scheepers (Chairperson of Technical Services and Tourism Committee)</p> <p>Councillor C Bayman (Chairperson of Human Settlement Committee)</p> <p>Councillor P Terblanche (Chairperson of Community Services Committee)</p> <p>Councillor V Fortuin (Chairperson of Social Services & Local Economic Development Committee)</p>
Speaker:	Alderman KH Smit
Ward Councillors:	
1 Clr N R Mzola (ANC)	2 Clr N P Jwili (ANC)
3 Clr T M N Mkayo (ANC)	4 Alderman K H Smit (DA)
5 Clr J J Gerber (DA)	6 Alderman E Scheepers (DA)
7 Alderman J van der Merwe (DA)	8 Clr D Kotzé (DA)
9 Clr E Meyer (DA)	10 Clr P Terblanche (DA)
11 Clr P A Du Plessis (DA)	12 Clr N P Malilwana (ANC)
13 Clr R Ruiters (DA)	14 Clr J C Bayman (DA)
Proportional Representative Councillors:	
Clr N C Booisen (DA)	Clr L Boom (ANC)
Clr E M Booysen (ANC)	Alderlady MM Ferreira (DA)
Clr V Fortuin (DA)	Clr SS Mbandezi (ANC)
Clr H Levendal (DA)	Clr F N Mdumiso (ANC)
Clr D Nqayi (DA)	Clr J Siyoko (DA)
Clr R Skombingo (ANC)	Clr D van Rensburg (ACDP)
Clr M M van Wyk (ANC)	
Auditors:	<p>The Auditor-General</p> <p>Private Bag X1</p> <p>CHEMPET, 7442</p>
Municipal Manager:	Dr MR Gratz
Chief Financial Officer:	Mr MK Botha
Registered Office:	<p>101 Marsh Street</p> <p>Mossel Bay</p> <p>6506</p>

Postal address:

PO Box 25
Mossel Bay
6500

Telephone:

(044) 606-5000

Facsimile:

(044) 606-5062

E-mail:

admin@mosselbay.gov.za

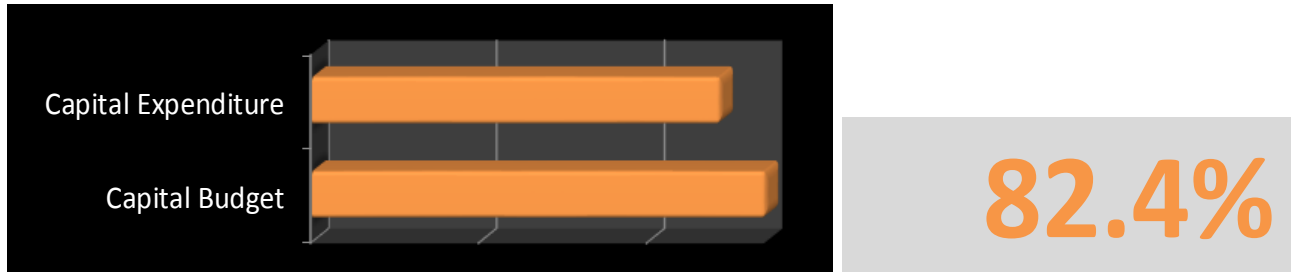
Website:

<http://www.mosselbay.gov.za>

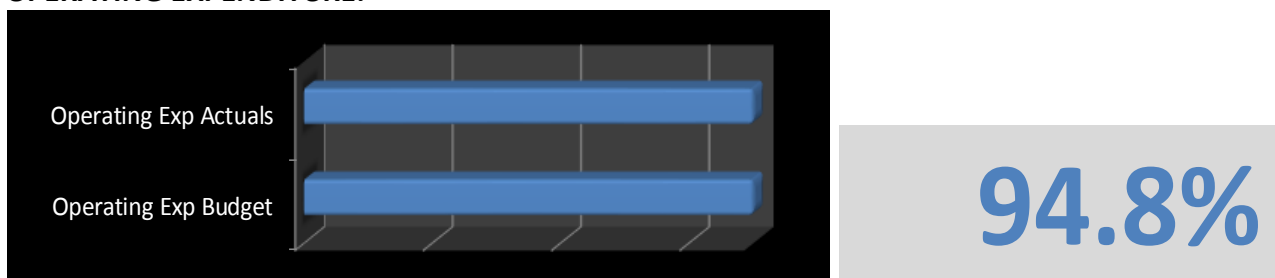
REVIEW OF THE YEAR

1 FINANCIAL PERFORMANCE

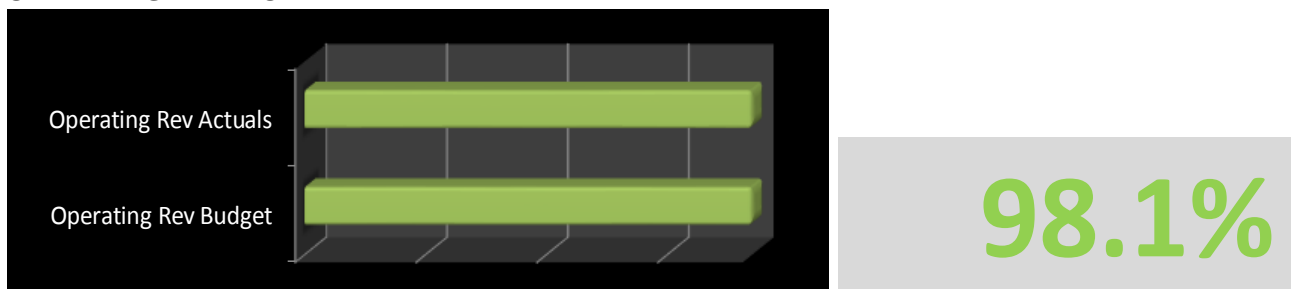
CAPITAL:



OPERATING EXPENDITURE:



OPERATING REVENUE:



2 LIQUIDITY POSITION



The above ratios show that the Municipality is in a very liquid position, with current assets of double the current liabilities. This ratio has remained stable from the prior year when the ratio was 2.3:1.

CERTIFICATION BY ACCOUNTING OFFICER

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 125 in terms of Section 126(1) of the Municipal Finance Management Act, No 56 of 2003, and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 33 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this act.


.....
Accounting Officer
Dr M Gratz

Date: 30 November 2015

REPORT OF THE CHIEF FINANCIAL OFFICER

1 INTRODUCTION

It gives me great pleasure to present the financial position of Mossel Bay Municipality at 30 June 2015 and the results of its operations and cash flows for the year then ended.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP).

2 KEY FINANCIAL INDICATORS

The following are some of the key financial indicators, comparing the 2014/15 financial performance of the municipality to the 2013/14 comparative figures:

RATIO DESCRIPTION	2014/15	2013/14
<u>REVENUE MANAGEMENT</u>		
<i>Level of reliance on Government grants</i>	15.7%	15.0%
<i>Actual income vs Budgeted income*</i>	-1.9%	8.5%
<u>EXPENDITURE MANAGEMENT</u>		
<i>Personnel costs to total expenditure</i>	28.9%	30.1%
<i>Actual expenditure vs Budgeted expenditure*</i>	-5.2%	-7.8%
<i>Interest paid as a percentage of total expenditure</i>	0.4%	0.4%
<i>Repairs and maintenance / PPE (carrying amount)</i>	2.2%	2.1%
<i>Repairs and maintenance / Total expenditure</i>	5.4%	5.4%
<u>ASSET MANAGEMENT</u>		
<i>Acquisition of PPE – Actual vs Budgeted**</i>	-17.6%	-6.8%
<i>Stockholding period (DAYS)</i>	13 days	26 days
<u>DEBT MANAGEMENT</u>		
<i>Creditors payment period (DAYS)</i>	30 days	29 days
<i>Arrear debtors collection period (DAYS)</i>	28 days	26 days
<u>LIQUIDITY</u>		
<i>Current ratio</i>	2.3 : 1	2.3 : 1
<i>Acid Test ratio</i>	2.2 : 1	2.1 : 1
<i>Turnover of accounts receivable</i>	6.3 : 1	5.7 : 1
<i>Cash to Interest</i>	115.0 : 1	91.0 : 1
<i>Debt to Cash</i>	1.1 : 1	1.3 : 1
<i>Cash to Income</i>	3.8 : 1	1.6 : 1
<i>Total Liabilities / Total Assets</i>	0.1 : 1	0.1 : 1

* Refer to Statement of Comparison of Budget and Actual amounts

** Refer to Statement of Comparison of Budget and Actual amounts

LIQUIDITY POSITION OF MUNICIPALITY
3.1 Liquidity

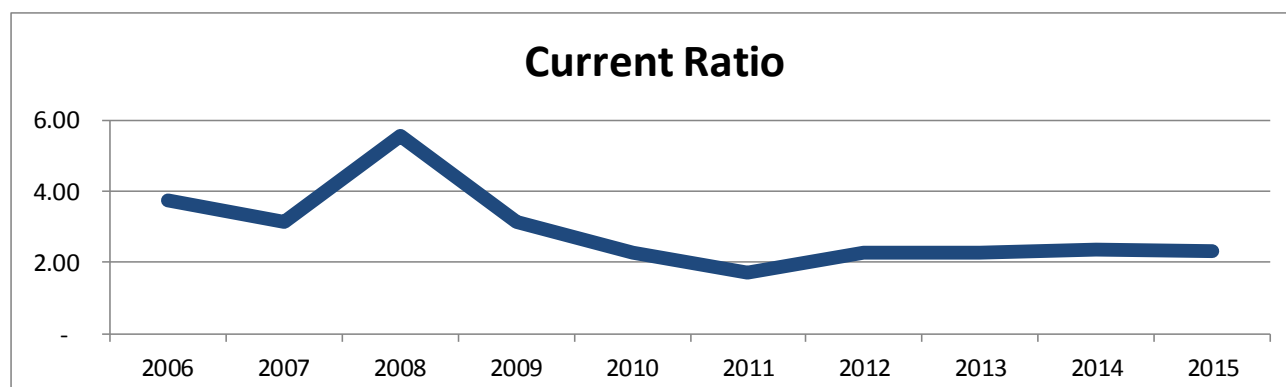
There are two main liquidity ratios that can be used to analyse the liquidity position of the Municipality, namely the Current and Acid Test ratios. There are various other liquidity ratios that can be utilised to assess the Municipality's liquidity position.

The calculation of these ratios is as follows:

RATIO DESCRIPTION	FORMULA	2014/15	2013/14
<u>Current ratio</u>	Current Assets	421 712 253	356 222 011
	Current Liabilities	181 842 349	151 599 120
		2.3	2.3
<u>Acid Test ratio</u>	Current Assets – Inventory	401 073 026	320 068 264
	Current Liabilities	181 842 349	151 599 120
		2.2	2.1
<u>Turnover of accounts receivable</u>	Revenue (credit)	564 138 177	513 867 848
	Accounts receivable	89 935 163	90 303 573
		6.3	5.7
<u>Debt to cash</u>	Total Liabilities	351 589 352	317 344 770
	Cash balance at end of period	319 252 041	243 836 485
		1.1	1.3

The above ratios show that the Municipality is in a very liquid position, with current assets of double the current liabilities. The ratio for the year under review has improved slightly compared to the 2013/14 financial year. The Municipality generates 6.3 times more revenue than what the outstanding accounts are. The debtors' collection period (for debtors in arrears) has deteriorated from 26 days in 2013/14 to 28 days in the 2014/15 year.

The following graph shows the history and the current year ratio for the municipality:



4 OPERATING RESULTS

4.1 Summary of Results

Details of the operating results per segmental classification are included in Appendix B and C, while operational results per category, together with an explanation of significant variances of more than 10 per cent from the final budget, are included in the Statement of Comparison of Budget and Actual amounts.

These amounts are based on the total position of the municipality (including non-cash transactions):

DESCRIPTION	Actual 2014/15	Actual 2013/14	Variance	Adjusted Budget 2014/15	Variance
INCOME					
Opening surplus/(deficit)	2 005 325 217	1 617 317 380	24.0%		
Operating income for the year	807 453 950	820 941 709	-1.6%	823 057 598	-1.9%
Appropriations for the year	(63 509 535)	(5 371 857)			
	2 749 269 632	2 432 887 233	13.0%	823 057 598	234.0%
EXPENDITURE					
Operating expenditure for the year	723 781 519	670 026 882	8.0%	763 793 825	-5.2%
Sundry transfers	-	(242 464 867)	-100.0%		
Closing surplus/(deficit)	2 025 488 113	2 005 325 217	1.0%	59 263 773	
	2 749 269 632	2 432 887 233	13.0%	823 057 598	234.0%

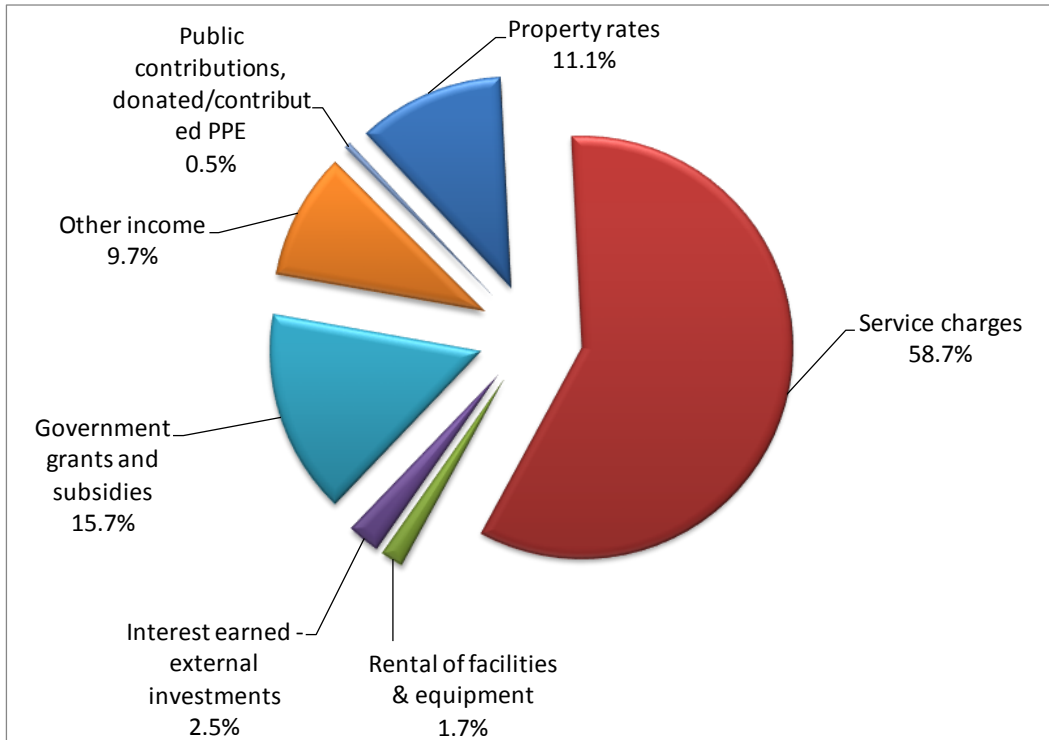
The accumulated surplus at 30 June 2015 amounted to R 2 025.5 million. The accumulated surplus of R 1 975.7 million at 30 June 2014 was restated with previous year corrections of R 29.6 million, amounting to R 2 005.3 million. From the 2013/14 financial year the accumulated surplus increased with R 20.2 million or 1.0% to the 2014/15 financial year.

The operating income decreased by 1.6% to R 807.5 million from the previous financial year's income of R 820.9 million. The main contributor to this is the decrease in Actuarial Gains, whilst Service charges increased. The operating expenditure increased by 8.0% to R 723.8 million. This increase is mainly due to the Eskom increase in electricity purchases.

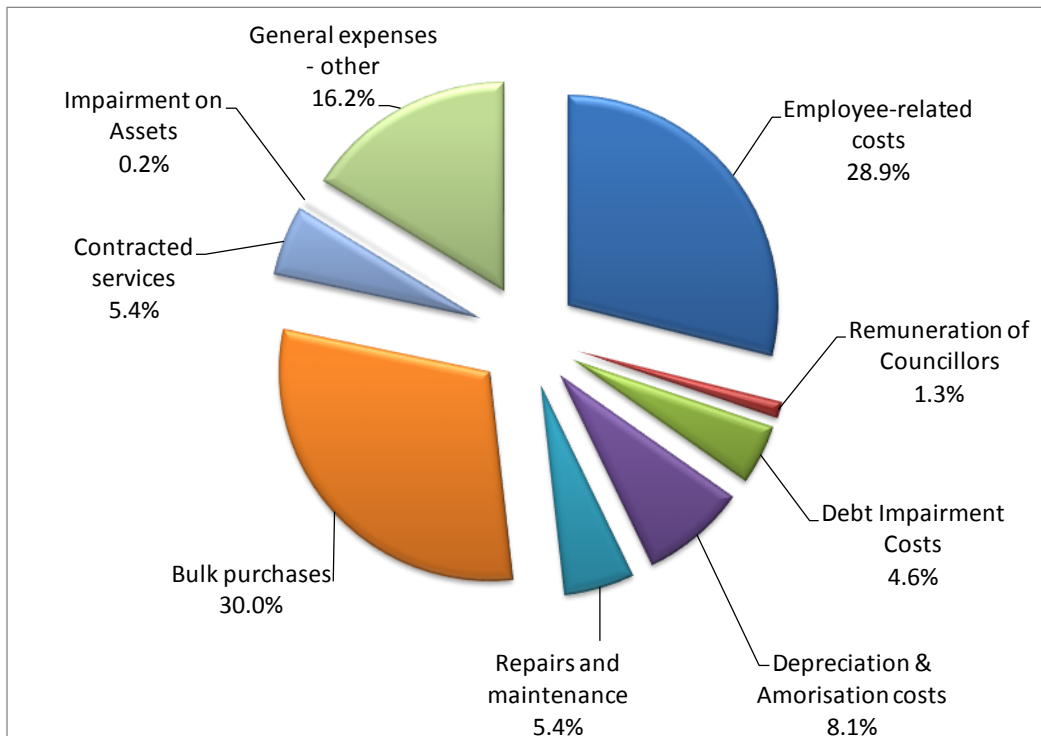
The Municipality's financial statements ended on a surplus of R 83.7 million. It must, however, be taken into account that various non-cash transactions is included in this surplus.

4.2 Operating Revenue and Expenditure

The following graph indicates the Municipality's major revenue sources for the year under review:



The following graph indicates the Municipality's major types of expenditure for the year under review:



4.3 Rates and General Services

DESCRIPTION	Actual 2014/15	Actual 2013/14	Variance	Adjusted Budget 2014/15	Variance
Income	356 071 287	411 819 163	-13.5%	369 929 455	-3.7%
Expenditure	392 047 924	360 038 677	8.9%	426 121 208	-8.0%
Surplus/(deficit)	(35 976 636)	51 780 487	-169.5%	(56 191 753)	-36.0%
Surplus/(deficit) as % of total income	-10.1%	12.6%		-15.2%	

Variance from 2013/14 Actual:

The deficit with regards to Rates and other General services amount to R 36.0 million for the 2014/15 financial year and the 2013/14 financial year's surplus was R 51.8 million, due to the actuarial gains of R74.5 million recognised.

Variance from 2014/15 Budget:

The total actual income is 3.7% less than the budgeted amount of R 369.9 million for the 2014/15 financial year. The expenditure is 8.0% less than the budgeted amount of R 426.1 million.

4.4 Trading Services

The Municipality purchases electricity in bulk from Eskom and then redistributes it to the consumers. The electricity tariffs are considered together with all other tariffs during the compilation of the operational budget. Any increase in the electricity tariffs must be approved by the National Electricity Regulator before the Municipality can implement it. Eskom normally adjusts its tariffs in January of every year but the Municipality endeavours to limit its increase to only one increase during July every year. The Municipality has some of its own water sources and also purchases water from the Department of Water Affairs, which is then supplied from the Klipheuwel Dam and the Wolwedans Dam.

4.4.1 Electricity

DESCRIPTION	Actual 2014/15	Actual 2013/14	Variance	Adjusted Budget 2014/15	Variance
Income	345 365 584	310 298 423	11.3%	331 374 316	4.2%
Expenditure	260 572 140	238 725 926	9.2%	264 455 722	-1.5%
Surplus/(deficit)	84 793 444	71 572 497	18.5%	66 918 594	26.7%
Surplus/(deficit) as % of total income	24.6%	23.1%		20.2%	

Variance from 2013/14 Actual:

The Electricity service showed a surplus for both the 2013/14 and the 2014/15 financial years, with an increase of 18.5% between the two years. The surplus of R 84.8 million for the 2014/15 financial year represents a profit of 24.6%. A profit of 23.1% was realised in the 2013/14 financial year.

Variance from 2014/15 Budget:

The total actual income is 4.2% more than the budgeted amount of R 331.4 million for the 2014/15 financial year. The expenditure is 1.5% less than the budgeted amount of R 264.5 million.

The following table provides information on electricity distribution:

ELECTRICITY DISTRIBUTION	2013/14 Financial year	2014/15 Financial year
Units purchased (kWh)	284 653 360	293 410 192
Purchase price per kWh	66 cents	71 cents
Units sold (kWh)	254 558 799	265 165 635
Free units	8 362 243	8 662 089
Units lost during distribution (kWh)	21 732 318	19 582 468
Percentage lost during distribution	7.63%	6.67%
Total cost per unit	71.49 cents	74.99 cents
Net income per unit	R 1.00	R 1.06

4.4.2 Water

DESCRIPTION	Actual 2014/15	Actual 2013/14	Variance	Adjusted Budget 2014/15	Variance
Income	106 017 078	98 824 123	7.3%	121 753 827	-12.9%
Expenditure	71 161 455	71 262 280	-0.1%	73 216 895	-2.8%
Surplus/(deficit)	34 855 624	27 561 843	26.5%	48 536 932	-28.2%
Surplus/(deficit) as % of total income	32.9%	27.9%		39.9%	

Variance from 2013/14 Actual:

The Water service showed a surplus for both the 2013/14 and 2014/15 financial years. The surplus increased by 26.5% from the previous year. The surplus of R 34.9 million for the 2014/15 financial year represents a profit of 32.9%, whereas a profit of 27.9% was realised in the 2013/14 financial year.

Variance from 2014/15 Budget:

The total actual income is 12.9% less than the budgeted amount of R 121.8 million for the 2014/15 financial year, while the expenditure is 2.8% less than the budgeted amount of R 73.2 million.

The following provides information on water distribution:

WATER DISTRIBUTION	2013/14 Financial year	2014/15 Financial year
<i>Mega litres purified</i>	7 253	7 602
<i>Mega litres sold</i>	6 268	6 325
<i>Mega litres lost during distribution</i>	888	1 261
<i>Percentage lost during distribution</i>	12.24%	16.59%

5 CAPITAL EXPENDITURE AND FINANCING

The capital expenditure during the year as stated in the financial statements amounted to R 121 509 581 and was financed as follows:

SERVICE AREA	2014/15 Actuals	% of Total Capital Expenditure
<i>Community services/facilities</i>	2 889 250	2.4%
<i>Electricity</i>	22 580 849	18.6%
<i>Housing</i>	13 305 486	11.0%
<i>Refuse</i>	3 523 061	2.9%
<i>Sanitation</i>	17 268 358	14.2%
<i>Streets and Storm water</i>	36 313 029	29.9%
<i>Water</i>	19 806 948	16.3%
<i>Other</i>	5 822 600	4.8%
TOTAL	121 509 581	100.0%

The capital expenditure was financed as follows:

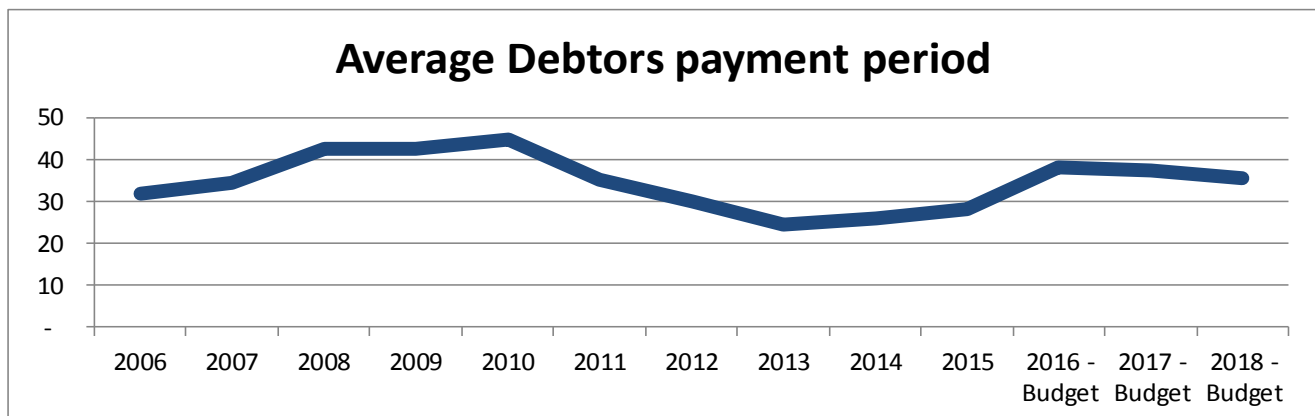
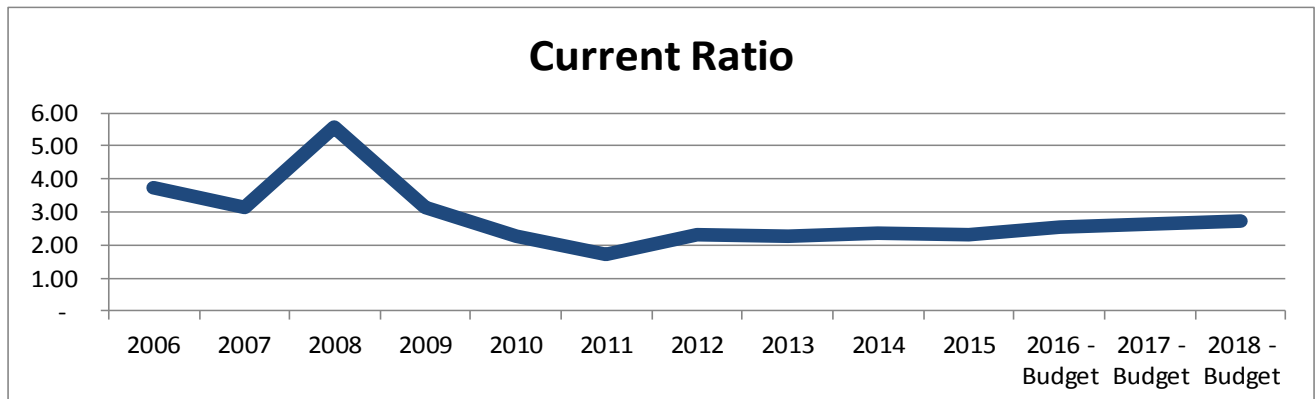
SOURCE OF FINANCE	2014/15 Actuals	% of Total Capital Funding
<i>Capital Replacement Reserve</i>	79 178 604	65.2%
<i>Grants and Subsidies</i>	39 209 298	32.3%
<i>Public contributions</i>	1 051 930	0.9%
<i>Other</i>	2 069 749	1.7%
TOTAL	121 509 581	100.0%

Property, Plant and Equipment is funded to a large extent from the Capital Replacement Reserve.

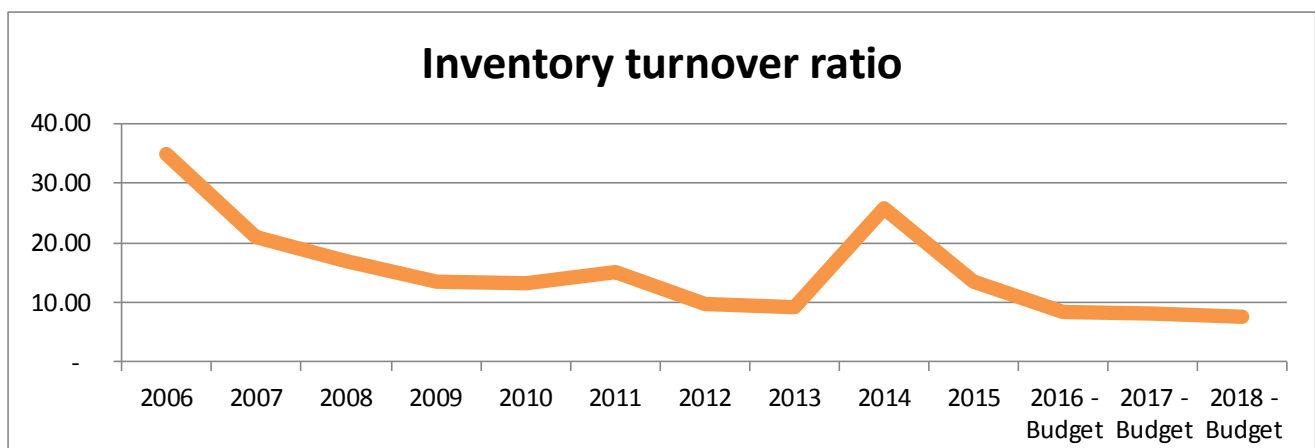
6 FINANCIAL SUSTAINABILITY

Financial sustainability refers to financial accounts which reflect sufficient revenue and adequate corporate stability in order to fund and deliver on service delivery and performance targets. Following are a few graphs on various financial ratios that show the past 7 years information, the current year information and the 3 budget years' information:

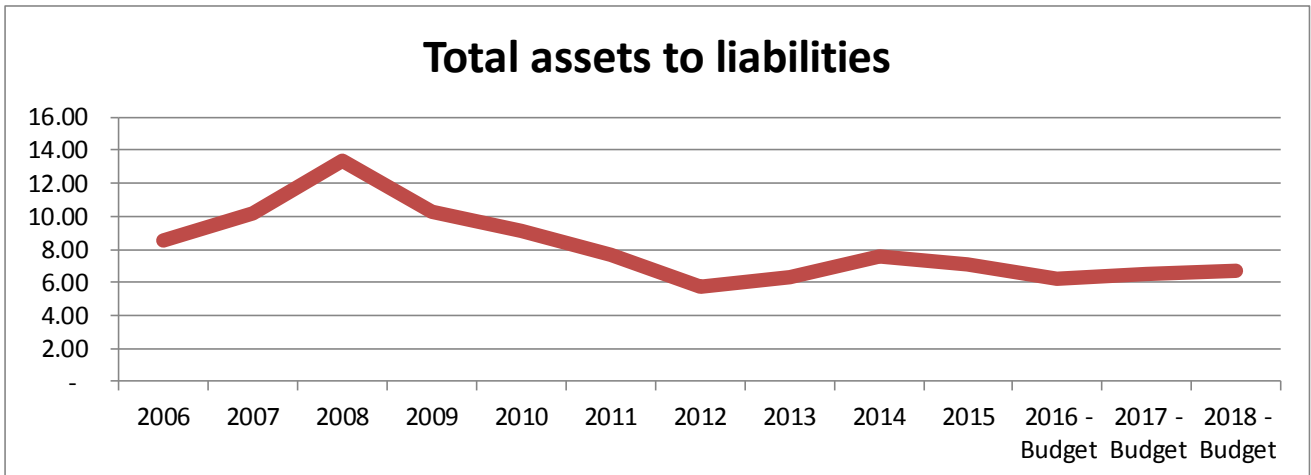
LIQUIDITY MEASUREMENT RATIOS



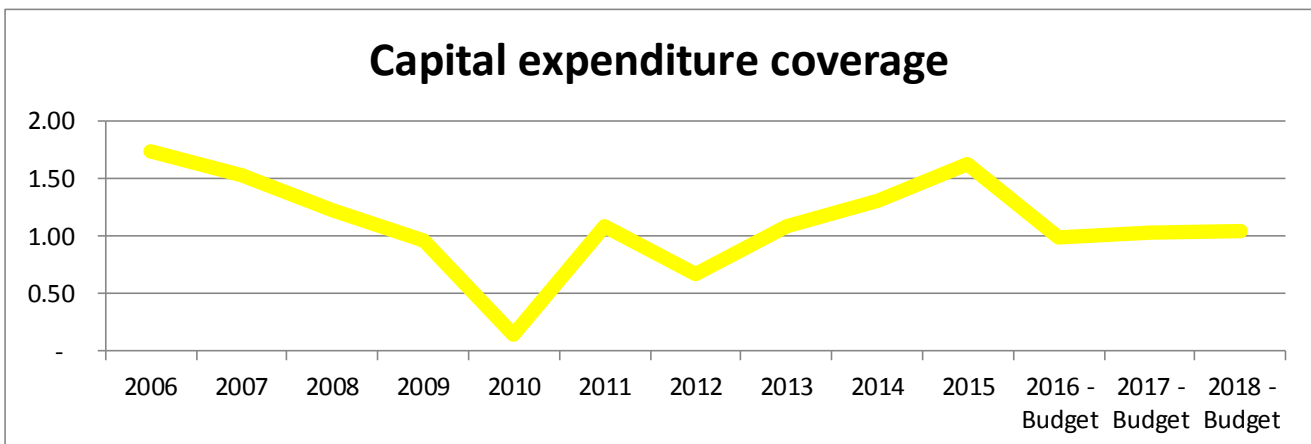
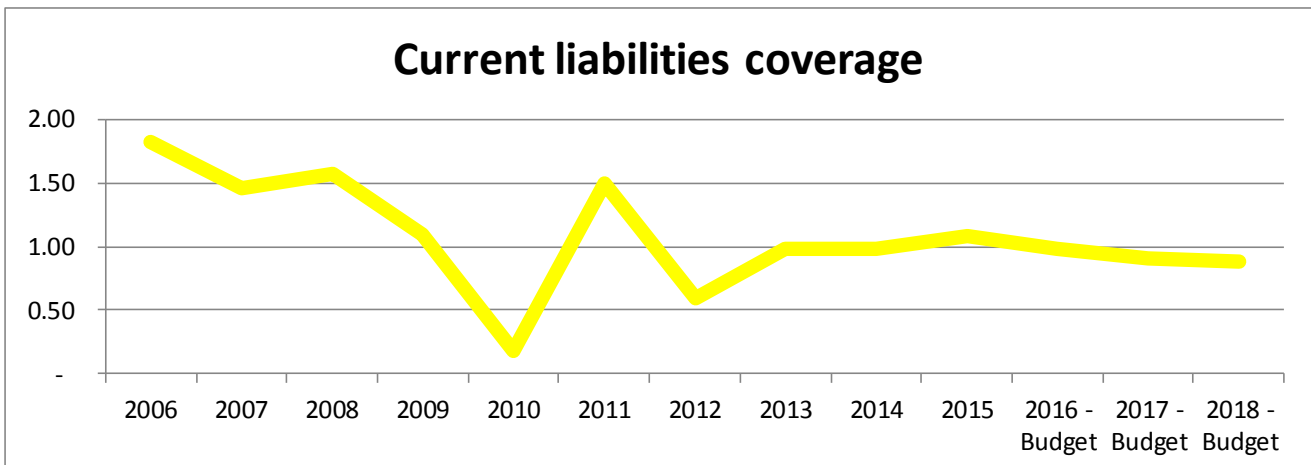
ACTIVITY RATIOS



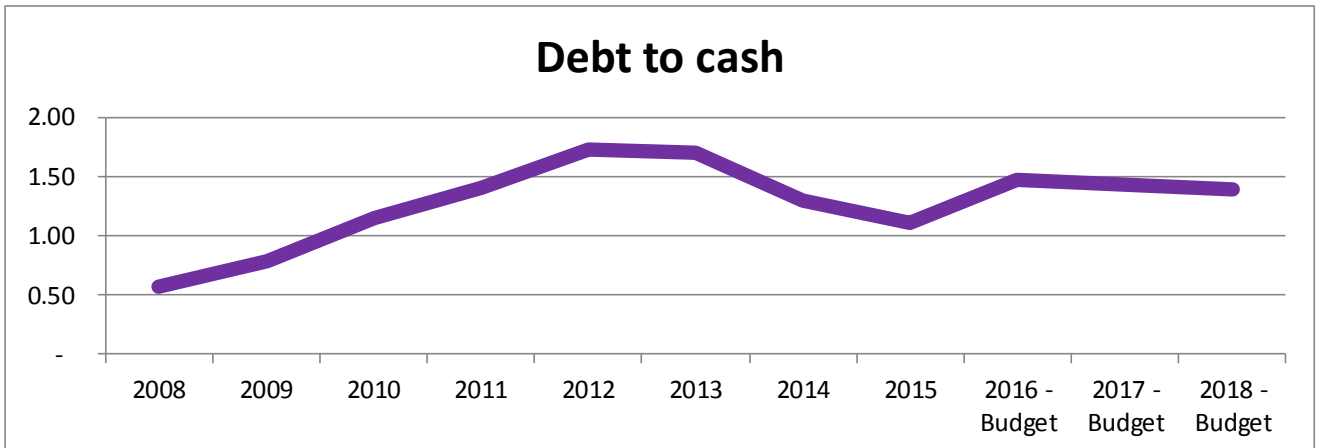
SOLVENCY RATIOS



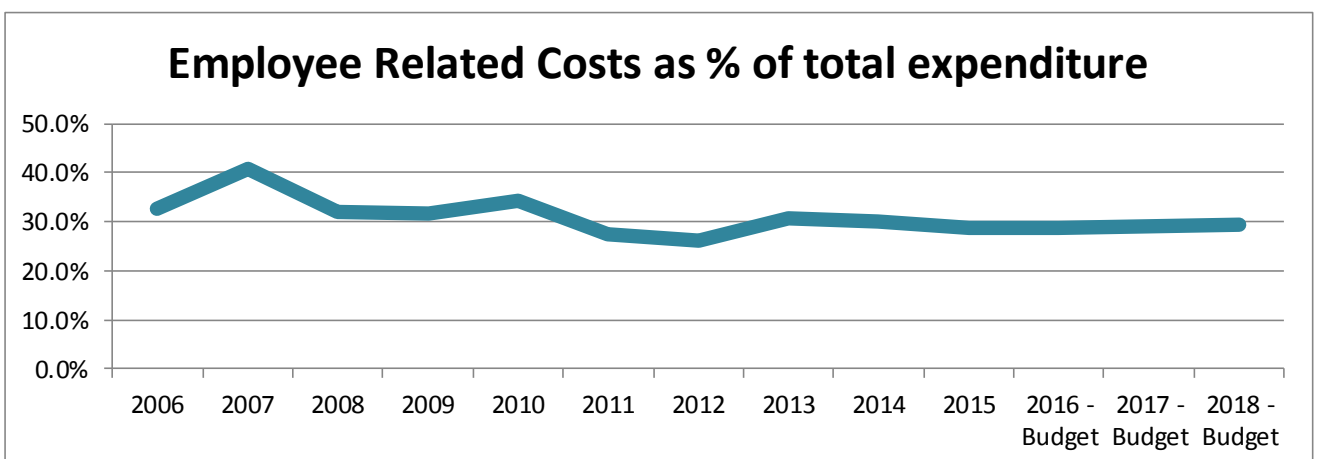
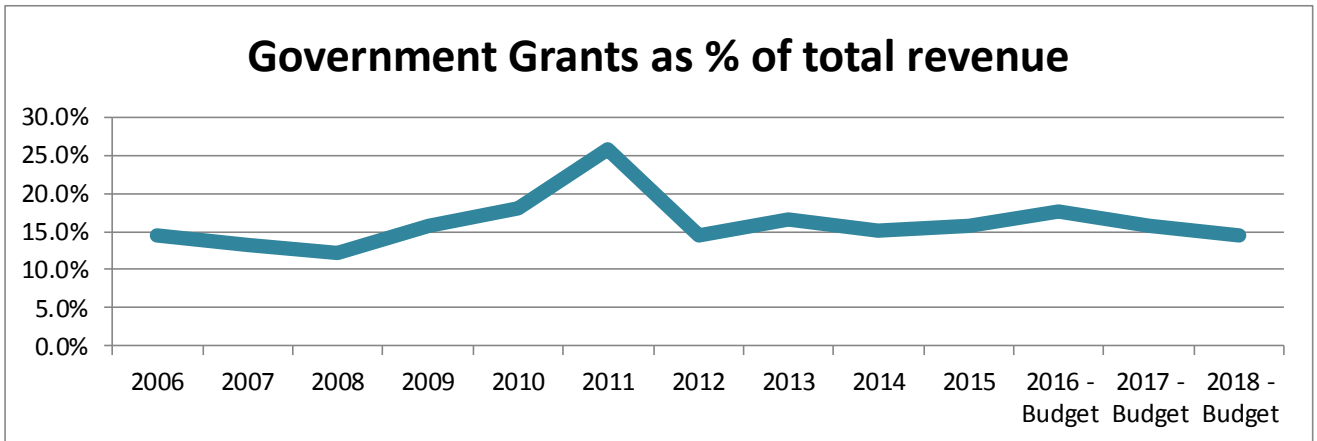
CASH FLOW INDICATOR RATIOS



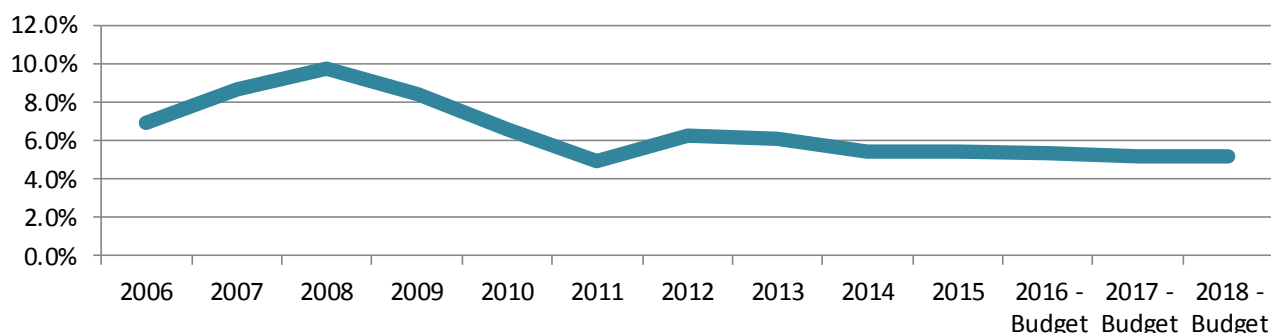
DEBT RATIOS



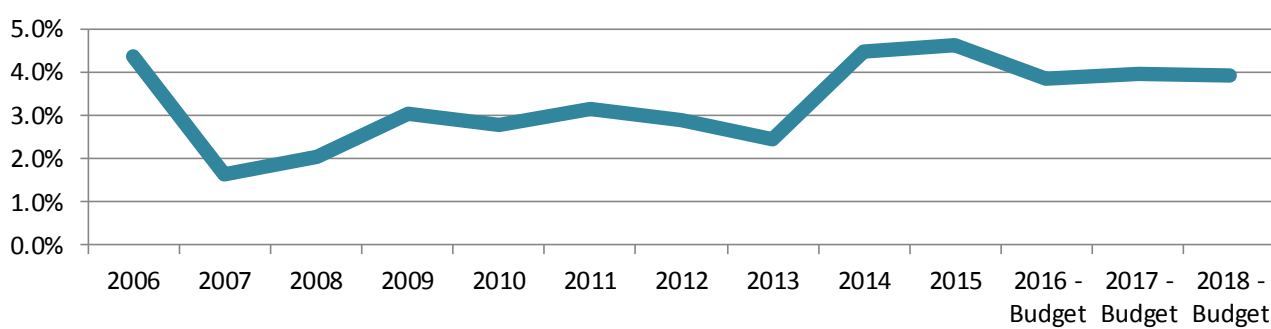
INCOME & EXPENDITURE TRENDS



Repairs & Maintenance as % of total expenditure



Debt Impairment costs as % of total expenditure



7 CAPITAL REPLACEMENT RESERVE

The Capital Replacement Reserve balance at 30 June 2015 amounted to R 128 715 032 (R 65 233 610 as at 30 June 2014).

The Capital Replacement Reserve replaces the previous statutory funds, such as the Consolidated Capital Development and Loans Fund. It is a cash-backed reserve established to enable the Municipality to finance future capital expenditure. Cash contributions, depending on the availability thereof, are made annually to the reserve.

The Municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to the Statement of Changes in Net Assets for more detail.

8 EXTERNAL LOANS, INVESTMENTS AND CASH

On 30 June 2015 the outstanding external loans amounted to R 24 000 000 (R 26 000 000 in 2014). The municipality has repaid R 2 000 000 towards the loan of R 30 million taken up during the 2011/12 financial year.

The Municipality's cashbook showed a positive balance of R 29 135 673 (R 13 163 073 in 2014) and Petty Cash to the amount of R 18 960 (R 18 960 in 2014) on 30 June 2015. The external investments amounted to R 290 097 408 against the R 230 654 452 of the previous year.

More particulars regarding external loans and investments appear in Notes 5 and 25 of the Annual Financial Statements, as well as Appendix A.

9 NON-CURRENT PROVISIONS

These provisions are made in order to enable the Municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Non-current provisions amounted to R 49 705 102 as at 30 June 2015 (R 47 734 754 as at 30 June 2014) and are made up as follows:

Rehabilitation of Landfill Sites	R 36 766 076
Clearing of Alien Vegetation	<u>R 12 939 026</u>
	<u>R 49 705 102</u>

Refer to Note 6 of the Annual Financial Statements for more detail.

10 LIQUIDITY REQUIREMENTS

The table below shows the allocation of the investment portfolio towards the funding of various obligations:

Liquidity Requirement as per Liquidity Policy

Financial Year End: **30 June 2015**

Liquidity Requirement Calculation [as stipulated in Paragraph 4.1.]

All earmarked and/or conditional grants received but not yet utilised	R 33 929 193
Value of the provisions held in cash for the clearing of alien vegetation and the rehabilitation of landfill sites to the extent that these funds are required within the following 5 years	R 49 705 102
Value of legally entrenched short term rights and benefits of employees related to Medical benefits & Retirement benefits	R 31 570 123
Unspent Loan Funds	R -
Funds held for agency services not yet performed	R 4 190 105
Reserve funds reflected in Statement of Financial Position that are assumed to be held in cash	R 129 465 571
Capital redemption and interest payments on external loans not reflected as part of normal operational expenditure	R 4 393 927
1 months operational expenditure excluding non-cash items	R 22 258 779
Consumer Deposits	R 19 455 002
Other Deposits and Other Advance Payments:	
- Retentions	R 9 102 215
- Payments Received in Advance	R 23 154 382
- Other Deposits	R 8 027 385
Non-current Deposit: Pavilion	R 251 591
Commitments resulting from contracts concluded as part of Capex Programme, not reflected in operational budget	
TOTAL LIQUIDITY REQUIREMENT	R 335 503 376

Actual available liquidity held [reference paragraph 4.2.]

Bank Balance at e.g.:	
- ABSA, FNB, Standard Bank, Nedbank, Investec, Money Market	
Bank balance sub total	R 29 154 633
95% of all other term investments with Banks	R 275 592 537
90% of Market value of all Bonds on the JSE that are held	R -
Consumer debtors (current – 60 days)	R 36 382 456
Other reserves held in cash not reflected in bank balances mentioned above for e.g.:	
- Unspent conditional grants	R -
- Payments received for agency functions not yet performed	R -
- The cash value of reserves held	R -
- Cash deposits held as part of loan covenants or ceded	R -
- Undrawn bank overdraft facility or committed liquidity lines available	R -
TOTAL LIQUIDITY AVAILABLE	R 341 129 626

LIQUIDITY SURPLUS (SHORT FALL)

R 5 626 250

SURPLUS TO BE APPROPRIATED TO CAPITAL REPLACEMENT RESERVE

R 5 000 000

(See Borrowing, Funds and Reserves Policy)

11 EMPLOYEE BENEFITS

These liabilities are in order to enable the municipality to be in a position to fulfil its known legal obligations with regards to employee benefits when they become due and payable.

The non-current portion of the employee benefits liability amounted to R 96 664 000 as at 30 June 2015 (R 92 042 000 as at 30 June 2014) and is made up as follows:

Post-Employment Health Care Benefits	R 82 347 000
Ex-Gratia Gratuities	R 1 541 000
Long Service Awards	<u>R 12 776 000</u>
	<u>R 96 664 000</u>

Refer to Note 7 of the Annual Financial Statements for more detail.

12 CURRENT LIABILITIES

Current Liabilities are those liabilities of the Municipality due and payable in the short term (less than 12 months). No indication is found that the Municipality would be unable to meet its obligations. Current Liabilities amounted to R 181 842 349 as at 30 June 2015 (R 151 599 120 as at 30 June 2014) and are made up as follows:

Consumer deposits	Note 9	R 19 455 002
Provisions	Note 10	R 1 240 936
Current portion of Employee benefits	Note 11	R 23 304 123
Payables from Exchange transactions	Note 12	R 100 053 016
Unspent conditional grants and receipts	Note 13	R 33 929 193
Operating Lease Liability	Note 27	R 1 053 023
Current portion of Finance Lease Liabilities	Note 4	R 687 361
Current portion of Long-term Liabilities	Note 5	<u>R 2 119 693</u>
		<u>R 181 842 349</u>

13 CURRENT ASSETS

Current Assets amounted to R 421 712 253 as at 30 June 2015 (R 356 222 011 as at 30 June 2014) and is made up as follows:

Inventory	Note 22	R 20 639 227
Trade receivables from Exchange	Note 23	R 64 589 350
Other receivables from Non-Exchange	Note 24	R 11 450 684
Current portion of long-term receivables	Note 20	R 404 057
VAT receivable	Note 14	R 5 183 947
Cash and Cash Equivalents	Note 26	R 319 252 041
Operating Lease Assets	Note 27	<u>R 192 947</u>
		<u>R 421 712 253</u>

14 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

The net balance of Trade and Other receivables from Exchange transactions is indicated below:

DEBTOR	As at 30 June 2014	As at 30 June 2015	Variance
Service debtors:	48 340 622	54 653 958	13.1%
- Electricity	26 596 427	31 282 121	17.6%
- Water	12 167 821	12 892 851	6.0%
- Refuse	3 589 699	3 888 975	8.3%
- Sewerage	5 986 674	6 590 012	10.1%
Debtpack collections	7 133	511 348	7068.7%
Land Sales	1 389	1 786	28.6%
Housing instalments	884 916	627 062	-29.1%
Housing rentals	211 880	226 376	6.8%
Other	5 623 426	8 568 819	52.4%
TOTAL	55 069 366	64 589 350	17.3%

The net balance of Other receivables from Non-Exchange transactions is indicated below:

DEBTOR	As at 30 June 2014	As at 30 June 2015	Variance
Rates	6 219 986	6 250 835	0.50%
Traffic Fines	1 055 995	827 385	-21.65%
Payments made in advance	2 037 168	2 337 719	14.75%
Other	1 677 747	2 034 744	21.28%
TOTAL	10 990 896	11 450 684	4.18%

The Municipality has during the financial year written off bad debts to the amount of R 10 209 565.

EXPRESSION OF APPRECIATION

I am grateful to the Executive Mayor, Executive Deputy Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Directors for the support extended during the financial year. I would also like to extend a special word of thanks to all staff who assisted with the collation of year-end information, and specific the staff of the Budget and Treasury Office. Without their valuable contributions and assistance these Annual Financial Statements would not have been possible.


MK BOTHA
CHIEF FINANCIAL OFFICER

Date: 30 November 2015

REPORT OF THE AUDITOR-GENERAL

Report of the auditor-general to the Western Cape Provincial Parliament and the council on Mossel Bay Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Mossel Bay Municipality set out on pages 27 to 126, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. With reference to note 55.1 to the financial statements, the municipality is at risk regarding the possible liability claims relating to contractual disputes from third parties. The amounts in this regard were uncertain at year-end and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in notes 43 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of a change in accounting policy where GRAP 100 was incorporated into the financial statements.
10. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 30 June 2015 in the financial statements of the Mossel Bay Municipality at, and for the year ended 30 June 2014.

Material impairments

11. As disclosed in note 22 to the financial statements, an impairment of 30,3% (2013-14: 28,9%) to the amount of R28,1 million (2013-14: R22,3 million) was provided for on receivables from exchange transactions as a result of the impairment of irrecoverable debtors.

Additional matters

12. I draw attention to the following matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

13. The supplementary information set out on pages 127 to 130 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

14. In terms of section 125(2)(e) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regularity requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report the following findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance areas (KPA's) presented in the annual performance report of the municipality for the year ended 30 June 2015:
- KPA 1: Development of new services and infrastructure on pages 188 to 195
 - KPA 3: Spatial development and environment on pages 184 to 186
17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

Usefulness and Reliability of reported performance information

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives as stated in paragraph 16 of the audit report

Additional matter

21. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of planned targets

22. Refer to the annual performance report on pages 184 to 195 for information on the achievement of planned targets for the year.

Compliance with legislation

23. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

24. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Other Reports

Investigations

25. The following matter is in the process of being investigated:
26. An allegation is being investigated where one municipal official has been accused of collusion with a contractor to fix potholes and municipal goods and equipment was possibly used.
27. The following matters have been concluded:
28. A consultant evaluated tenders, but the municipality was not informed of possible collusion amongst tenderers. The investigation was concluded during November 2015 resulting in a possible R2.3 million of irregular expenditure being incurred, which was disclosed in the financial statements.
29. Three employees were possibly involved in rent subsidy fraud. Outcome of investigation: Two employees resigned in terms of clause 9.1 of the Disciplinary Code. One employee was formally dismissed.



Cape Town

30 November 2015



AUDITOR - GENERAL
SOUTH AFRICA

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STATEMENT OF FINANCIAL POSITION
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Note	2015 R	Restated 2014 R
NET ASSETS AND LIABILITIES			
Net assets		2 154 953 684	2 071 281 253
Housing development fund	2	750 539	722 426
Reserves	3	128 715 032	65 233 610
Capital replacement reserve		128 715 032	65 233 610
Accumulated surplus		2 025 488 113	2 005 325 217
Non-current liabilities		169 747 003	165 745 650
Employee benefits	7	96 664 000	92 042 000
Non-current provisions	6	49 705 102	47 734 754
Finance Lease liability	4	782 446	1 253 609
Other Long-term liabilities	5	22 343 864	24 472 536
Non-current deposits	8	251 591	242 751
Current liabilities		181 842 349	151 599 120
Consumer deposits	9	19 455 002	17 379 449
Provisions	10	1 240 936	1 534 846
Current Employee benefits	11	23 304 123	22 057 451
Payables from Exchange transactions	12	100 053 016	91 055 631
Unspent conditional grants and receipts	13	33 929 193	15 643 163
Operating Lease Liability	26	1 053 023	839 627
Current portion of Finance lease liability	4	687 361	996 452
Current portion of other long-term liabilities	5	2 119 693	2 092 500
Total Net Assets and Liabilities		2 506 543 036	2 388 626 023
ASSETS			
Non-current assets		2 084 830 783	2 032 404 013
Property, plant and equipment	15	1 749 307 916	1 688 104 690
Biological Assets	16	-	1 961 495
Intangible Assets	17	61 504	82 336
Investment Property	18	330 888 400	337 167 605
Heritage assets	19	4 225 599	4 225 599
Long-term receivables	20	347 364	862 288
Current assets		421 712 253	356 222 011
Inventory	21	20 639 227	36 153 747
Receivables from Exchange transactions	22	64 589 350	55 069 366
Other receivables from non-exchange transactions	23	11 450 684	10 990 896
Current portion of long-term receivables	20	404 057	422 191
Unpaid conditional grants and receipts	13	-	4 769 729
VAT Receivable	14	5 183 947	4 806 948
Cash and Cash equivalents	25	319 252 041	243 836 485
Operating Lease Assets	26	192 947	172 649
Total Assets		2 506 543 036	2 388 626 023

STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

Budget			Actual	
2014 R	2015 R	Note	2015 R	Restated 2014 R
REVENUE				
257 579 830	302 569 891		245 535 946	317 134 664
83 293 424	88 752 397		88 363 481	82 522 290
83 293 424	88 752 397		88 363 481	82 522 290
156 971 406	187 190 914		130 646 095	142 993 809
142 092 027	185 325 444		126 449 665	123 506 747
14 879 379	1 865 470		4 196 430	19 487 061
17 315 000	26 626 580		26 526 371	91 618 565
17 315 000	26 126 580		24 050 681	17 142 428
-	500 000		2 475 690	74 476 137
499 368 751	520 487 707		561 918 003	503 807 046
1 650 000	1 550 000		1 660 718	1 423 868
413 181 877	447 248 755		474 113 979	429 921 691
11 686 256	15 208 530		13 952 132	11 485 535
13 330 000	14 226 200		20 167 960	13 968 480
242 000	187 310		197 372	204 014
4 842 500	5 280 220		5 644 847	5 204 831
1 036 000	112 000		170 134	91 425
2 682 200	500 000		6 140 394	9 941 387
50 717 918	36 174 692		39 870 468	31 565 814
756 948 581	823 057 598		807 453 950	820 941 709
EXPENDITURE				
208 539 870	219 594 983		209 058 666	201 346 005
8 731 246	9 392 434		9 193 967	8 681 774
27 763 252	41 130 000		33 499 717	29 929 681
5 437 000	6 341 833		4 988 497	5 159 878
52 134 503	60 437 986		58 384 363	55 944 809
19 288	19 099		25 522	19 429
1 500 000	1 500 000		-	2 810 566
39 369 844	42 471 697		38 956 153	36 202 380
3 101 468	2 818 830		2 776 215	2 678 808
206 601 685	220 718 820		217 438 641	195 784 341
37 577 624	40 909 135		38 750 701	38 053 369
1 159 250	1 177 428		1 128 893	1 004 781
132 790 865	114 527 680		91 658 629	71 910 011
403 000	1 253 900		1 363 370	-
1 500 000	1 500 000		4 481 180	841 081
726 628 895	763 793 825		723 781 519	670 026 882
30 319 686	59 263 773		83 672 431	150 914 827
SURPLUS/(DEFICIT) FOR THE YEAR				

STATEMENT OF CHANGES IN NET ASSETS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus / (Deficit)	Total
	R	R	R	R
2014				
Balance at 1 July 2013	800 765	59 783 414	1 617 317 380	1 677 901 559
Prior Year Adjustments (Note 42)			242 464 867	242 464 867
Change in accounting policy (Note 43)			-	-
Change in accounting estimate (Note 44)			-	-
Restated Balance at 1 July 2013	800 765	59 783 414	1 859 782 247	1 920 366 426
Surplus/(deficit) for the year			150 914 827	150 914 827
Transfer to CRR		72 776 385	(72 776 385)	-
Contribution from CRR - purchase PPE		(67 326 189)	67 326 189	-
Transfer to Housing Development Fund	26 720		(26 720)	-
Transfer from Housing Development Fund	(105 060)		105 060	-
Balance at 30 June 2014	722 426	65 233 610	2 005 325 217	2 071 281 253
2015				
Previous Year Adjustments (Note 42)			-	-
Change in accounting policy (Note 43)			-	-
Change in accounting estimate (Note 44)			-	-
Restated balance at beginning of the year	722 426	65 233 610	2 005 325 217	2 071 281 253
Surplus/(deficit) for the year			83 672 431	83 672 431
Transfer to CRR		142 660 026	(142 660 026)	-
Contribution from CRR - purchase PPE		(79 178 604)	79 178 604	-
Transfer to Housing Development Fund	28 113		(28 113)	-
Transfer from Housing Development Fund	-		-	-
Balance at 30 June 2015	750 539	128 715 032	2 025 488 113	2 154 953 684

Note: Previous year adjustments (Note 42) are reflected in the surplus of the 2013/14 financial year. Prior year adjustments are reflected in the statement above.

CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R	Restated 2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
<u>Receipts:</u>		772 917 389	724 278 664
Ratepayers		531 236 526	511 849 333
Government - Operating		102 448 882	86 732 793
Government - Capital		47 446 310	44 539 312
Other		91 785 671	81 157 226
<u>Payments:</u>		593 419 580	587 438 080
Suppliers		293 576 807	307 134 634
Employees		196 637 424	174 352 756
Other		103 205 348	105 950 690
Cash generated from/(utilised in) operations	47	179 497 809	136 840 584
Interest received		20 365 332	14 172 494
Interest paid	36	(2 776 215)	(2 678 808)
Net cash from operating activities		197 086 926	148 334 270
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Capital Assets		(121 509 581)	(114 263 394)
Proceeds on de-recognition of Capital Assets		669 207	371 290
(Increase)/decrease in long-term receivables	20	171 477	264 248
Net cash from investing activities		(120 668 897)	(113 627 857)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in consumer deposits	9	2 075 554	2 914 950
Proceeds/(repayment) of finance lease liability	4	(976 547)	(75 989)
Proceeds/(repayment) of other long-term liabilities	5	(2 101 479)	(2 008 391)
Net cash from financing activities		(1 002 472)	830 570
Net increase / (decrease) in cash and cash equivalents		75 415 557	35 536 983
Cash and cash equivalents at the beginning of the year		243 836 485	208 299 502
Cash and cash equivalents at the end of the year	25	319 252 041	243 836 485

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The classification basis on which the annual budget and the annual financial statements were compiled is different. The annual financial statements are classified in terms of GRAP, while the annual budget is classified in terms of National Treasury guidelines. Both are compiled using the accrual basis and the reporting period is the same.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	Note	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
NET ASSETS AND LIABILITIES		2 154 953 684	2 100 961 831	53 991 853	
Net assets					
Housing development fund		750 539	-	750 539	Project that should have been funded from this fund was not approved by the Department of Human Settlements. New project approved, which will be fully spent in the 15/16 financial year.
Reserves	2	128 715 032	78 395 844	50 319 188	
Capital replacement reserve	3	128 715 032	78 395 844	50 319 188	Additional contributions made to the CRR in terms of Council approved Long term financial plan and the Liquidity policy. Prior period corrections not budgeted for. For these corrections refer to Note 42 of the Annual Financial Statements.
Accumulated surplus		2 025 488 113	2 022 565 987	2 922 126	
Non-current liabilities		169 747 003	177 831 197	(8 084 194)	
Employee benefits	7	96 664 000	107 676 480	(11 012 480)	Budgeted for a bigger contribution towards Employee benefits in line with the previous year actuarial report.
Non-current provisions	6	49 705 102	47 134 754	2 570 348	Provisions are made in line with reports from professionals.
Finance Lease liability	4	782 446	637 427	145 019	
Other Long-term liabilities	5	22 343 864	22 132 536	211 328	
Non-current deposits	8	251 591	250 000	1 591	
Current liabilities		181 842 349	144 811 985	37 030 363	
Consumer deposits	9	19 455 002	18 179 449	1 275 553	Increase in consumer deposits due to new deposits implemented for single phase business meters on electricity and normal deposit increases.
Provisions	10	1 240 936	1 192 297	48 639	
Current Employee benefits	11	23 304 123	24 000 000	(695 877)	
Payables from Exchange transactions	12	100 053 016	95 029 218	5 023 798	Land sales received in advance increased due to property not yet transferred.
Unspent conditional grants and receipts	13	33 929 193	-	33 929 193	Budgeted for no grants to be unspent at year-end. A request was put to National and Provincial Treasury for the funds to be rolled-over to the next financial year.
VAT Payable	14	-	-	-	
Cash and cash equivalents	25	-	2 292 442	(2 292 442)	A positive cash flow balance realised at year-end.
Operating Lease Liability	26	1 053 023	1 000 000	53 023	
Current portion of Finance lease liability	4	687 361	600 000	87 361	
Current portion of other long-term liabilities	5	2 119 693	2 518 579	(398 886)	
Total Net Assets and Liabilities		2 506 543 036	2 423 605 013	82 938 023	-

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Note	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
ASSETS					
Non-current assets		2 084 830 783	2 071 432 030	13 398 753	
Property, plant and equipment		1 749 307 916	1 719 504 780	29 803 136	Various prior year corrections were processed in order to ensure completeness of PPE. Prior period corrections not budgeted for. For these corrections refer to Note 42 of the Annual Financial Statements.
Biological Assets	15	-	1 961 495	(1 961 495)	The trees of Pine grove plantation, which was located on farms 25 and 46 (Great Brak river), were harvested during the financial year. Council decided rather to lease the property than to re-plant.
Intangible Assets	16	61 504	32 421	29 083	
Investment Property	17	330 888 400	344 965 447	(14 077 047)	A fair value adjustment of R5.9 million realised for the year and corrections was made to the prior year fair value adjustment due to the unbundling of building and site assets.
Heritage Assets	18	4 225 599	4 225 599	0	
Long-term receivables	19	347 364	742 288	(394 924)	
Current assets		421 712 253	352 172 983	69 539 270	
Inventory		20 639 227	35 653 747	(15 014 520)	Budget was increased during the year to make provision for Housing topstructures not transferred to the relevant stakeholder. More houses transferred than budgeted for. Budgeted provision for debt impairment at year end did not realise due to collection rates.
Receivables from Exchange transactions	21	64 589 350	55 798 014	8 791 336	Impairment of Traffic fine debtors increased from R12 million to R29 million at year-end.
Other receivables from non-exchange transactions	22	11 450 684	24 494 579	(13 043 895)	
Current portion of long-term receivables	23	404 057	392 191	11 866	
VAT Receivable	20	5 183 947	5 000 000	183 947	
Cash and Cash equivalents	14	319 252 041	230 654 452	88 597 589	Result of positive cash flow due to improved performance in operating activities. Mainly due to unspent grants and savings on expenditure.
Operating Lease Assets	25	192 947	180 000	12 947	
Total Assets	26	2 506 543 036	2 423 605 013	82 938 023	-

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

COMPARISON OF APPROVED AND FINAL BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material adjustments
NET ASSETS AND LIABILITIES				
Net assets	2 100 961 831	-	2 100 961 831	
Housing development fund	-	-	-	No adjustments were made to the Council Approved Statement of Financial Position.
Reserves	78 395 844	-	78 395 844	
Capital replacement reserve	78 395 844	-	78 395 844	
Accumulated surplus	2 022 565 987	-	2 022 565 987	
Non-current liabilities	177 831 197	-	177 831 197	
Employee benefits	107 676 480	-	107 676 480	
Non-current provisions	47 134 754	-	47 134 754	
Finance Lease liability	637 427	-	637 427	
Other Long-term liabilities	22 132 536	-	22 132 536	
Non-current deposits	250 000	-	250 000	
Current liabilities	144 811 985	-	144 811 985	
Consumer deposits	18 179 449	-	18 179 449	
Provisions	1 192 297	-	1 192 297	
Current Employee benefits	24 000 000	-	24 000 000	
Payables from Exchange transactions	95 029 218	-	95 029 218	
VAT Payable	-	-	-	
Cash and cash equivalents	2 292 442.03	-	2 292 442.03	
Operating Lease Liability	1 000 000	-	1 000 000	
Current portion of Finance lease liability	600 000	-	600 000	
Current portion of other long-term liabilities	2 518 579	-	2 518 579	
Total Net Assets and Liabilities	2 423 605 013	-	2 423 605 013	-

COMPARISON OF APPROVED AND FINAL BUDGET (Continued)

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material variances
ASSETS				
Non-current assets	2 071 432 030	-	2071 432 030	
Property, plant and equipment	1 719 504 780	-	1719 504 780	No adjustments were made to the Council Approved Statement of Financial Position.
Biological Assets	1 961 495	-	1 961 495	
Intangible Assets	32 421	-	32 421	
Investment Property	344 965 447	-	344 965 447	
Heritage assets	4 225 599	-	4 225 599	
Long-term receivables	742 288	-	742 288	
Current assets	352 172 983	-	352 172 983	
Inventory	35 653 747	-	35 653 747	
Receivables from Exchange transactions	55 798 014	-	55 798 014	
Other receivables from non-exchange transactions	24 494 579	-	24 494 579	
Current portion of long-term receivables	392 191	-	392 191	
VAT Receivable	5 000 000	-	5 000 000	
Cash and Cash equivalents	230 654 452	-	230 654 452	
Operating Lease Assets	180 000	-	180 000	
Total Assets	2 423 605 013	-	2423 605 013	-

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	Notes	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
REVENUE					
<u>Revenue from Non-exchange Transactions</u>		245 535 946	302 569 891	(57 033 945)	
<u>Taxation revenue</u>		88 363 481	88 752 397	(388 916)	
Property rates	27	88 363 481	88 752 397	(388 916)	
<u>Transfer revenue</u>		130 646 095	187 190 914	(56 544 819)	
Government grants and subsidies	29	126 449 665	185 325 444	(58 875 779)	Underspending of grant funds (Housing, Disaster recovery funds received late in the year). These funds are requested to be rolled-over to the next financial year.
Public contributions, donated and contributed PPE	31	4 196 430	1 865 470	2 330 960	
<u>Other non-exchange revenue</u>		26 526 371	26 626 580	(100 209)	
Fines		24 050 681	26 126 580	(2 075 899)	Over estimation of the value and number of fines issued.
Actuarial gains		2 475 690	500 000	1 975 690	These gains are non-cash transactions which are recognised after an Actuarial valuation of Employee benefits has been performed at year-end. The gain is mainly due to changes in membership.
<u>Revenue from Exchange Transactions</u>		561 918 003	520 487 707	41 430 296	
Property rates-penalties imposed & collection charges		1 660 718	1 550 000	110 718	Due to conservative budgeting for Electricity charges to be received due to Eskom power shortages. Sewerage and refuse removal revenue foregone overbudgeted.
Service charges	28	474 113 979	447 248 755	26 865 224	This is mainly due to projected income from Camping fees not realising.
Rental of facilities and equipment		13 952 132	15 208 530	(1 256 398)	Better cash flow due to savings on expenditure led to better investment opportunities, which in turn led to an increase in interest earned.
Interest earned - external investments		20 167 960	14 226 200	5 941 760	
Interest earned - outstanding debtors		197 372	187 310	10 062	
Licences and permits		5 644 847	5 280 220	364 627	
Gain on de-recognition of Property, Plant & Equipment		170 134	112 000	58 134	
Impairment / Fair Value adjustment of Investment Property and Biological assets	41	6 140 394	500 000	5 640 394	First time split of fair value adjustments between gains and losses.
Other income	30	39 870 468	36 174 692	3 695 776	External services contributions more than what was anticipated.
Total Revenue		807 453 950	823 057 598	(15 603 648)	

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Notes	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
EXPENDITURE					
Employee related costs	32	209 058 666	219 594 983	(10 536 317)	Due to a lower than expected contribution to Employee benefits and strict control over the filling of new and vacant positions during the year.
Remuneration of Councillors	33	9 193 967	9 392 434	(198 467)	
Debt Impairment Costs	34	33 499 717	41 130 000	(7 630 283)	Contribution towards impairment of Traffic fines debtors less than anticipated.
Collection costs		4 988 497	6 341 833	(1 353 336)	
Depreciation	35	58 384 363	60 437 986	(2 053 623)	Budgeted for all under construction assets to be finalised, which did not materialise.
Amortisation - Intangible Assets		25 522	19 099	6 423	
Actuarial losses		-	1 500 000	(1 500 000)	Actuarial gains recognised at year-end due to membership changes.
Repairs and maintenance		38 956 153	42 471 697	(3 515 544)	Mainly due to the underspending on Housing emergency kits and repairs on vehicles, pumps and machinery.
Finance costs	36	2 776 215	2 818 830	(42 615)	
Bulk purchases	37	217 438 641	220 718 820	(3 280 179)	Due to a reduction in line losses, better revenue management systems and an improvement in the load factor.
Contracted services	38	38 750 701	40 909 135	(2 158 434)	The variance is mainly due to savings on security services, account printing and cut of grass.
Grants and subsidies paid	39	1 128 893	1 177 428	(48 535)	
General expenses	40	91 658 629	114 527 680	(22 869 051)	Due to unspent Housing Topstructure funds, savings on purchase of chemicals and contract work.
Impairment on Assets		1 363 370	-	1 363 370	Impairment information not available with Adjustment budget compilation.
Loss on de-recognition of Property, Plant & Equipment		4 481 180	1 253 900	3 227 280	Includes the carrying value of harvested biological assets, not budgeted for.
Impairment / Fair Value adjustment of Investment Property and Biological assets	41	12 077 007	1 500 000	10 577 007	First time split of fair value adjustments between gains and losses.
Total Expenditure		723 781 519	763 793 825	(40 012 306)	
SURPLUS/(DEFICIT) FOR THE YEAR		83 672 431	59 263 773	24 408 658	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF APPROVED AND FINAL BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
REVENUE				
<u>Revenue from Non-exchange Transactions</u>	302 569 891	-	302 569 891	
<u>Taxation revenue</u>	88 752 397	-	88 752 397	No adjustments were made to the Council Approved budget for Revenue.
Property rates	88 752 397	-	88 752 397	
<u>Transfer revenue</u>	187 190 914	-	187 190 914	
Government grants and subsidies	185 325 444	-	185 325 444	
Public contributions, donated and contributed PPE	1 865 470	-	1 865 470	
<u>Other non-exchange revenue</u>	26 626 580	-	26 626 580	
Fines	26 126 580	-	26 126 580	
Actuarial gains	500 000	-	500 000	
<u>Revenue from Exchange Transactions</u>	520 487 707	-	520 487 707	
Property rates-penalties imposed & collection charges	1 550 000	-	1 550 000	
Service charges	447 248 755	-	447 248 755	
Rental of facilities and equipment	15 208 530	-	15 208 530	
Interest earned - external investments	14 226 200	-	14 226 200	
Interest earned - outstanding debtors	187 310	-	187 310	
Licences and permits	5 280 220	-	5 280 220	
Gain on de-recognition of Property, Plant & Equipment	112 000	-	112 000	
Impairment / Fair Value adjustment of Investment Property and Biological assets	500 000	-	500 000	
Other income	36 174 692	-	36 174 692	
Total Revenue	823 057 598	-	823 057 598	

COMPARISON OF APPROVED AND FINAL BUDGET (Continued)

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material variances
EXPENDITURE				
Employee related costs	219 542 383	52 600	219 594 983	All adjustments made to the Expenditure budget were due to virements approved by Council between expenditure accounts. These adjustments has a zero nett effect on the total budget Approved by Council.
Remuneration of Councillors	9 392 434	-	9 392 434	
Debt Impairment Costs	41 130 000	-	41 130 000	
Collection costs	6 357 833	(16 000)	6 341 833	
Depreciation	60 437 986	-	60 437 986	
Amortisation - Intangible Assets	19 099	-	19 099	
Actuarial losses	1 500 000	-	1 500 000	
Repairs and maintenance	43 644 074	(1 172 377)	42 471 697	
Finance costs	2 818 830	-	2 818 830	
Bulk purchases	220 718 820	-	220 718 820	
Contracted services	39 961 927	947 208	40 909 135	
Grants and subsidies paid	1 177 428	-	1 177 428	
General expenses	114 339 111	188 569	114 527 680	
Loss on de-recognition of Property, Plant & Equipment	1 253 900	-	1 253 900	
Impairment / Fair Value adjustment of Investment Property and Biological assets	1 500 000	-	1 500 000	
Total Expenditure	763 793 825	-	763 793 825	
SURPLUS/(DEFICIT) FOR THE YEAR	59 263 773	-	59 263 773	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	Notes	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES					
<u>Receipts:</u>		772 917 389	755 973 943	16 943 446	
Ratepayers		531 236 526	501 190 881	30 045 645	Due to conservative budgeting for Electricity charges to be received due to Eskom power shortages.
Government - Operating		102 448 882	117 428 201	(14 979 319)	Budgeted Housing grant funds for Kwa PHP, Joe Slovo and Wolwedans topstructure projects not received as budgeted for.
Government - Capital		47 446 310	50 724 207	(3 277 897)	Budgeted Housing grant funds for Asazani and Herbertsdale infrastructure projects not received as budgeted for.
Other		91 785 671	86 630 654	5 155 017	External services contributions more than what was anticipated.
<u>Payments:</u>		593 419 580	633 985 813	(40 566 233)	
Suppliers		293 576 807	301 914 035	(8 337 228)	Due to savings on contracted services, purchase of chemicals, bulk purchases and contract work.
Employees		196 637 424	205 989 585	(9 352 161)	Due to a lower than expected contribution to Employee benefits and strict control over the filling of new and vacant positions during the year.
Other		103 205 348	126 082 193	(22 876 845)	Mainly due to unspent Housing Topstructure funds.
Cash generated from/(utilised in) operations	47	179 497 809	121 988 130	57 509 679	
Interest received		20 365 332	14 413 510	5 951 822	Better cash flow due to savings on expenditure led to better investment opportunities, which in turn led to an increase in interest earned.
Interest paid	36	(2 776 215)	(2 811 547)	35 332	
Net cash from operating activities		197 086 926	133 590 093	63 496 833	

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Notes	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Capital Assets		(121 509 581)	(147 548 352)	26 038 771	Refer to note 46 of the Annual Financial Statements for detail on underspending of Capital budget per vote.
Proceeds on de-recognition of Capital Assets	20	669 207	300 000	369 207	
(Increase)/decrease in long-term receivables		171 477	150 000	21 477	
Net cash from investing activities		(120 668 897)	(147 098 352)	26 429 455	
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in consumer deposits	9	2 075 554	800 000	1 275 554	Increase in consumer deposits due to new deposits implemented for single phase business meters on electricity and normal deposit increases.
Proceeds/(repayment) of finance lease liability	4	(976 547)	(600 000)	(376 547)	
Proceeds/(repayment) of other long-term liabilities	5	(2 101 479)	(2 166 216)	64 737	
Net cash from financing activities		(1 002 472)	(1 966 216)	963 743	
Net increase / (decrease) in cash and cash equivalents		75 415 557	(15 474 475)	90 890 032	
Cash and cash equivalents at the beginning of the year		243 836 485	243 836 485	(0)	
Cash and cash equivalents at the end of the year	25	319 252 041	228 362 010	90 890 031	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF APPROVED AND FINAL BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
<u>Receipts:</u>	755 973 943	-	755 973 943	
Ratepayers	501 190 881	-	501 190 881	No adjustments were made to the Council Approved Cash flow Statement.
Government - Operating	117 428 201	-	117 428 201	
Government - Capital	50 724 207	-	50 724 207	
Other	86 630 654	-	86 630 654	
<u>Payments:</u>	633 985 813	-	633 985 813	
Suppliers	301 914 035	-	301 914 035	
Employees	205 989 585	-	205 989 585	
Other	126 082 193	-	126 082 193	
Cash generated from/(utilised in) operations	121 988 130	-	121 988 130	
Interest received	14 413 510	-	14 413 510	
Interest paid	(2 811 547)	-	(2 811 547)	
Net cash from operating activities	133 590 093	-	133 590 093	

COMPARISON OF APPROVED AND FINAL BUDGET (Continued)

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Reasons for material adjustments
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Capital Assets	(147 548 352)	-	(147 548 352)	No adjustments were made to the Council Approved Cash flow Statement.
Proceeds on de-recognition of Capital Assets	300 000	-	300 000	
(Increase)/decrease in long-term receivables	150 000	-	150 000	
Net cash from investing activities	(147 098 352)	-	(147 098 352)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in consumer deposits	800 000	-	800 000	
Proceeds/(repayment) of finance lease liability	(600 000)	-	(600 000)	
Proceeds/(repayment) of other long-term liabilities	(2 166 216)	-	(2 166 216)	
Net cash from financing activities	(1 966 216)	-	(1 966 216)	
Net increase / (decrease) in cash and cash equivalents	(15 474 475)	-	(15 474 475)	
Cash and cash equivalents at the beginning of the year	243 836 485	-	243 836 485	
Cash and cash equivalents at the end of the year	228 362 010	-	228 362 010	

Notes to the Annual Financial Statements

Note 1: Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless stated otherwise.

1.1 Basis of presentation

The Annual Financial Statements have been prepared on an accrual basis of accounting.

The financial statements have been prepared in accordance with the Municipal Finance Management Act, (Act 56 of 2003) and effective standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

The reporting framework is prescribed by the Accounting Standards Board (ASB) in Directive 5 of March 2009 (revised February 2013).

The effective standards, IFRSs and IFRICs, in accordance with Directive 5, Appendix B: 1 April 2014, of the Accounting Standards Board are summarised as follows:

Reference	Topic
GRAP 1	Presentation of Financial Statements (as revised in 2010)
GRAP 2	Cash Flow Statements (as revised in 2010)
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
GRAP 4	The Effects of changes in Foreign Exchange Rates (as revised in 2010)
GRAP 5	Borrowing Costs (as revised in 2013)
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions (as revised in 2010)
GRAP 10	Financial Reporting in Hyperinflationary Economics (as revised in 2010)
GRAP 11	Construction Contracts (as revised in 2010)
GRAP 12	Inventories (as revised in 2010)
GRAP 13	Leases (as revised in 2010)
GRAP 14	Events after the reporting date (as revised in 2010)
GRAP 16	Investment Property (as revised in 2010)
GRAP 17	Property, Plant and Equipment (as revised in 2010)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements

Reference	Topic
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations (as revised in 2013)
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IPSAS 20	Related Party Disclosures
IFRS 4 (AC 141)	Insurance Contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC 102)	Income Taxes
SIC – 25 (AC 425)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC – 29 (AC 429)	Service Concession Arrangements – Disclosures
IFRIC 12 (AC 445)	Service Concession Arrangements
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
IFRIC 21	Levies

The following list of directives, interpretations and guidelines of the Standards of GRAP form part of the GRAP reporting framework:

Reference	Topic
Directive 1	Repeal of Existing Transitional Provisions in, and consequential amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 3	Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP
Directive 8	Transitional Provisions for Parliament and the Provincial Legislatures
Directive 9	The Application of the Standards of GRAP by Trading Entities
Directive 10	The Application of the Standards of GRAP by Public Further Education and Training Colleges
IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue (As revised in 2012)
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease

Reference	Topic
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
Guide 1	Guideline on Accounting for Public Private Partnerships

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised in 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP), including any interpretations of such Statements issued by the Accounting Practices Board.

The GRAP standards listed below have amendments that became effective during the current financial year.

Reference	Topic
GRAP 5	Borrowing Costs (as revised in 2013)
GRAP 100	Discontinued Operations (as revised in 2013)

The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements. The other accounting policies applied are consistent with those used to present the previous year's financial statements.

In terms of Directive 7 "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated replacement cost.

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.
- in the case of land and buildings a value as determined by a registered valuator.

1.2 Standards, Amendments to Standards and Interpretations issued and approved but not yet effective

These accounting standards are divided into two groups:

- a) Issued and approved with a future effective date, in all of these cases the effective date has been determined as 1 April 2015.

GRAP 105	Transfers of Functions Between Entities under Common Control
GRAP 106	Transfers of Functions Between Entities Not under Common Control
GRAP 107	Mergers

These standards does not have any impact on the municipality therefore the municipality opted to early adopt GRAP 105, 106 and 107.

- b) Issued and approved without an effective date (these standards were not early adopted by the Municipality):

GRAP 18	Segment Reporting
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

Standards of GRAP that an entity may use to disclose information in its financial statements:

GRAP 20	Related Party Disclosures
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1.3 Presentation currency

These annual financial statements are presented in South African Rand and all amounts are rounded to the nearest Rand.

1.4 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

1.5 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.6 Comparative Information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.7 Foreign currency transactions

The Municipality will not incur a foreign currency liability other than that allowed by the Municipal Finance Management Act (MFMA).

1.8 Presentation of Budget information

General purpose financial reporting by municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The presentation of budget information is prepared in accordance with the GRAP standards. The annual financial statements and the budget are on the same basis of accounting, therefore a comparison between the budgeted and actual amounts for the reporting period are included in the Statement of Comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015.

Material differences or variances are defined as any differences or variance above 10% with a value of more than R1 000 000.

Explanations for material differences between the approved and final budget are included in the annual financial statements.

Explanations for material differences between the final budget amounts and actual amounts are included the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.9 Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998 and which requires that the Municipality maintains a separate housing operating account.

Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa), read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash backed and available funds are invested in accordance with the Municipality's investment policy,
- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Housing,
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets,
- Any interest earned on the investments of the fund is disclosed as interest earned in the statement of financial performance,
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund if funds are available and not already committed to approved existing Housing projects.

1.10 Reserves

1.10.1 Capital Replacement Reserve (CRR)

In order to finance capital assets from internal sources, amounts are transferred out of the accumulated surplus into the Capital Replacement Reserve (CRR) in terms of the funding and reserves policy adopted by the Municipality. The cash in the CRR can only be used to finance capital expenditure appropriated in an approved budget. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

1.11 Employee Benefits

(a) Pension obligations

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group has a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the accounting period in which it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Post Retirement Medical obligations*

The Municipality provides post-retirement healthcare benefits to its employees and retired employees of the municipality, and to their registered dependants. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries.

(c) *Long Service awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised.

Payments are offset against the liability, including notional interest, resulting from the valuation by the actuaries is charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) *Ex gratia Gratuities*

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised.

Payments made by the Municipality are offset against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(e) *Accrued Leave pay*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and is calculated as per collective bargaining council agreement.

(f) *Accrued Annual and Performance bonuses*

Liabilities for annual and performance bonuses are recognised as they accrue to employees.

Annual bonuses accrue to employees on an annual basis, based on the employee contract. Performance bonuses accrue to senior managers on an annual basis, subject to certain conditions. These accruals are an estimate of the amount due to staff as at the financial year end.

(g) *Other short-term employee benefits*

The cost of short-term employee benefits is recognised in the period in which the service is rendered. Liabilities are recognised as they accrue to employees.

1.12 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Performance.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be derecognised.

1.13 Leases

1.13.1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity.

Amounts held under finance leases are initially recognised as assets of the Municipality at the lower of their fair value at the inception of the lease or the present value of the future minimum lease payments.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they may be capitalised in accordance with the Municipality's policy on borrowing costs.

Operating leases are those leases that do not fall within the scope of the definition of a finance lease. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

1.13.2 The Municipality as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.14 Long-term liabilities (Borrowings)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.15 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, are added to the costs of these assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets may be deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.16 Payables from Exchange Transactions

Payables from exchange transactions are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method.

1.17 Unspent Conditional Grants and Receipts

Unspent conditional grants and receipts are reflected on the Statement of Financial Position as a current liability. They represent unspent government grants, subsidies and contributions from the public. This liability always has to be backed by cash.

The following provisions are set for the creation and utilisation of this liability:

- The cash which backs up the liability is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unspent conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unspent Conditional Grant into the statement of financial performance as revenue.

1.18 Unpaid Conditional Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.19 Value Added Tax

The municipality is registered for VAT on the payment basis. Revenue, expenses and assets are recognised net of the amount of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.20 Property, Plant and Equipment**1.20.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost.

The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

All donated property, plant and equipment is recognised at its fair value.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost).

If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.20.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.20.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use and depreciation ceases at the earlier of the date that the asset is derecognised. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives at acquisition of all Property, Plant and Equipment. These useful lives can be extended in applying a review of useful lives.

Asset Category	Asset Sub Category	Useful Life in years
Infrastructure Assets	Elec. Generation	10 - 30
	Elec. Reticulation	10 - 45
	Refuse	10 - 100
	Roads, Pavements & Bridges	10 - 50
	Sewerage: Purification	20 - 120
	Sewerage: Reticulation	10 - 100
	Stormwater	10 - 50
	Street Lighting	5 - 20
	Water: Dams & Reservoirs	20 - 50
	Water: Purification	10 - 100
	Water: Reticulation	10 - 120

Asset Category	Asset Sub Category	Useful Life in years
Community Assets	Buses	10 - 15
	Cemeteries	20 - 100
	Community Halls	15 - 100
	Community: Other	15 - 100
	Fire, Safety & Emergency	10 - 100
	Libraries	10 - 100
	Museums & Art Galleries	10 - 100
	Parks & Gardens	5 - 50
	Recreational Facilities	15 - 100
	Social Rental Housing	10 - 100
	Sport fields & Stadiums	10 - 100
	Swimming Pools	10 - 20
Other Assets	Civic Land & Buildings	20 - 100
	Computers: Hardware & Eqpt	4 - 5
	Furniture & Office Equipment	7 - 30
	General Vehicles	7 - 15
	Other Buildings	50 - 100
	Other Land	Indefinite
	Other: Other Assets	5 - 15
	Plant & Equipment	5 - 30
	Security Measures	5 - 10
	Specialised Vehicles	12 - 30

1.20.4 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.21 Investment Property**1.21.1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where the investment property was acquired for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.21.2 Subsequent Measurement – Fair Value

Subsequent to initial recognition investment properties are measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

1.21.3 Derecognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.22 Intangible Assets

1.22.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.22.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.22.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The annual amortisation rates are based on the following estimated useful lives at acquisition of intangible assets. These useful lives can be extended in applying a review of useful lives.

<u>Intangible Assets</u>	Years
Computer Software	2-5
Other intangible assets	3-30

1.22.4 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.23 Heritage assets

1.23.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Economic Entity, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.23.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.23.3 Depreciation and Impairment

Heritage assets are not depreciated, since their long economic life and high residual value means that any depreciation would be immaterial.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.23.4 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.24 Biological assets

1.24.1 Initial Recognition

A biological asset is a living animal or plant which is part of an agricultural activity and entails the management of the biological transformation and harvest of biological assets for either the sale; distribution at no charge or for a nominal charge; or conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge. Agricultural produce is the harvested product of the municipality's biological assets.

Biological assets shall be recognised when, and only when:

- a) the entity controls the asset as a result of past events;
- b) it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- c) the fair value or cost of the asset can be measured reliably.

Biological assets are measured on initial recognition at its fair value less costs to sell, except where the fair value cannot be measured reliably. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses.

1.24.2 Subsequent Measurement

Biological assets are measured at each reporting period at their fair value less estimated point-of-sale costs. The fair value of the biological is determined based on current market prices, growth and/or volume and estimated value movement in point-of-sale cost.

1.24.3 Derecognition

On derecognition of biological assets due sale or nominal charge, the proceeds as a result of the sale or nominal charge are recognised as revenue in the statement of financial performance for the period in which it arises, whilst the cost of sale (fair value less cost of sale) is recognised as an expenditure in the statement of financial performance.

1.25 Impairment of non-financial assets

1.25.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.25.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- depreciated replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. With this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.26 Non-current investments

Non-current investments, which include fixed deposits invested in registered commercial banks, are stated at amortised cost using the effective interest method less any impairment. Where an investment has been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period the impairment is identified.

1.27 Inventories

1.27.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.27.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. In general, the basis of allocating cost to inventory items is the weighted average method.

1.28 Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. In determining whether an impairment should be recorded, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the future cash flows from a financial asset.

When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

1.29 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.29.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised.

1.29.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.29.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - (i) derecognise the receivable; and
 - (ii) recognise separately any rights and obligations created or retained in the transfer.

1.30 Cash and Cash Equivalents

Cash includes cash on hand, call deposits and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand, call deposits and cash with banks, net of bank overdrafts.

1.31 Revenue Recognition

1.31.1 Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Service charges relating to **electricity and water** are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. At year-end the recognition is based on an estimate of the prepaid electricity consumed as at the reporting date. The consumption of pre-paid electricity is calculated by using a trend analysis and other historical data on electricity usage.

Service charges relating to **refuse removal** are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from **sewerage and sanitation** for residential and business properties are levied annually based on a fixed tariff.

Rentals are recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Interest earned on investments is recognised in the Statement of Financial Performance on the effective interest rate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant liability, if the grant conditions indicate that interest is payable to the funder.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue from the **sale of goods** is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The income for **agency services** recognised is commission in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportionate basis.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.31.2 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from **property rates** is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Fines constitute both spot fines and summonses. Fine revenue is recognised when the spot fine or summons are issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the municipality does not have any control over fines issued by other government institutes/departments.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use. **Contributed property, plant and equipment** are recognised when such items of property, plant and equipment are brought into use.

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act, Act No.56 of 2003, and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Grants, Transfers and Donations

Revenue received from **conditional grants, donations and funding** are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised, to the extent that the criteria, conditions or obligations have not been met.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, the Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.32 Grants and Subsidies paid

The municipality transfers money to individuals and organisations from time to time, based on merit. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction,
- Expect to be repaid in future, and
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events give rise to the transfer occurred.

1.33 Changes in accounting policy, estimates and errors

Changes in accounting policies have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Detail of changes in accounting policies are disclosed in the notes to the annual financial statements.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Detail of changes in accounting estimates are disclosed in the notes to the annual financial statements.

Prior period errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect or the error.

In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Detail of prior period errors are disclosed in the notes to the annual financial statements.

1.34 Unauthorised Expenditure

Unauthorised expenditure is any expenditure incurred otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (MFMA).

Unauthorised expenditure includes:

- Overspending of the total amount appropriated in the municipality's approved budget,
- Overspending of the total amount appropriated for a vote in the approved budget,
- Expenditure from a vote unrelated to the department or functional area covered by the vote,
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose,
- Spending of an allocation received from another sphere of Government, municipality, or organ of state otherwise than in accordance with any conditions of the allocation,

- A grant by the municipality otherwise than in accordance with the MFMA.

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.35 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, Act No.56 of 2003, the Municipal Systems Act, Act No.32 of 2000, the Public Office Bearers Act, Act No. 20 of 1998 or is in contravention of the Municipality's supply chain management policy and which has not been condoned in terms of such act or policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.36 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.37 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Executive Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.38 Interest in Joint Venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

Joint ventures take many different forms and structures. There are three broad types that meet the definition of a joint venture, namely:

- Jointly controlled operations
- Jointly controlled assets
- Jointly controlled entities

Jointly controlled assets

A jointly controlled asset involves joint control and often the joint ownership by the venturers of assets contributed to or acquired for the purpose of the joint venture and dedicated to the purpose of the joint venture, without the establishment of a corporation, partnership or other entity.

The municipality accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

1.39 Financial Instruments

The Municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

1.39.1 Financial Assets

A financial asset is any asset that is a cash equivalent or contractual right to receive cash. The Municipality has the following types of financial assets as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Receivables

- Receivables from Exchange Transactions
- Other Receivables from Non-Exchange Transactions
- Current portion of Long-term Receivables
- Cash and Cash Equivalents

1.39.2 Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Payables from exchange transactions
- Bank Overdraft
- Current Portion of Long-term Liabilities

1.39.3 Measurement

Initial Recognition:

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent Measurement:

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost.

Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.39.4 Impairment of Financial Assets

Annually an assessment is made as to whether there is any impairment of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

Receivables from exchange and non-exchange transactions are stated at cost less a provision for impairment. The provision is made by assessing the recoverability of the receivables collectively after grouping the debtors in financial asset groups with similar credit risk characteristics.

Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

1.39.5 Derecognition of Financial Instruments**1.39.5.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.39.5.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.39.6 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.40 Contingent Liabilities / Assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and liabilities are not recognised in the Statement of Financial Position.

Contingent liabilities are disclosed in the notes to the annual financial statements, unless it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are disclosed where an inflow of economic benefits or service potential is probable.

1.41 Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Events after the reporting date classified as adjusting events are accounted for in the financial statements.

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.42 Contractual commitments

Contractual commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.43 Significant accounting judgements and estimates

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of service debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

The calculation in respect of the impairment of Traffic fines is based on an assessment of the past payment history of fines per category.

Property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time. For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

Intangible assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material. (Refer to above accounting policies on estimates made)

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions above describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

Fine revenue is recognised when the spot fine or summons are issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the municipality does not have any control over fines issued by other government institutes/departments. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note when found material.

Notes 2 – 57: Other Notes to Annual Financial Statements

2. HOUSING DEVELOPMENT FUND

	2015 R	2014 R
Balance at beginning of the year	722 426	800 765
Income	28 113	26 720
Land Sales	-	-
Housing Letting/Selling Scheme Loans	-	-
Interest on investments	28 113	26 720
Housing Debtors	-	-
Less: Expenditure	-	105 060
Funding Capital Projects	-	-
Funding Operating Projects	-	105 060
Total Housing Development Fund assets and liabilities	750 539	722 426

3. CAPITAL REPLACEMENT RESERVE

	2015 R	2014 R
Balance at beginning of the year	65 233 610	59 783 414
Income	142 660 026	72 776 385
Land Sales contribution	9 034 583	1 034 465
External Services contribution	6 215 558	1 741 921
Buy-out of Parking areas contribution	-	-
Contribution from Operating account	127 409 885	70 000 000
Other	-	-
Less: Expenditure	79 178 604	67 326 189
Funding Capital Projects	79 178 604	67 326 189
Total Capital Replacement Reserve	128 715 032	65 233 610

The Capital Replacement Reserve is fully funded and invested in financial instruments.

4. FINANCE LEASE LIABILITY

	2015 R	2014 R
Computers (Rentworks Africa)	1 249 111	2 076 239
Office equipment (Nashua, Minolta & ITEC)	220 696	173 822
Sub-total	1 469 807	2 250 062
Less: Current portion transferred to current liabilities	687 361	996 452
Computers (Rentworks Africa)	566 971	883 751
Office equipment (Nashua, Minolta & ITEC)	120 390	112 702
Total Finance lease liability	782 446	1 253 609

Finance lease liability:

Finance lease liabilities relate to computers and office equipment with lease terms not more than five years. Finance leases bear interest at rates between 9.3 and 31.9 percent for Computers and between 8.9 and 31 percent for Office Equipment. Finance lease liabilities are secured over the items of office equipment leased.

Obligations under Finance leases:

Finance lease liabilities - Minimum capital lease payments:

	2015 R	2014 R
No later than 1 year	878 558	1 198 835
Later than 1 year and no later than 5 years	911 073	1 402 246
Later than 5 years	-	-
	1 789 631	2 601 081
Future finance charges on finance leases	(319 824)	(351 019)
	1 469 807	2 250 062
The present value of finance lease liabilities is as follows:		
No later than 1 year	687 361	996 452
Later than 1 year and no later than 5 years	782 446	1 253 609
Later than 5 years	-	-
	1 469 807	2 250 062

5. OTHER LONG-TERM LIABILITIES

	2015 R	2014 R
Local registered stock loans	463 557	565 036
Long-term loan	24 000 000	26 000 000
Sub-total	24 463 557	26 565 036
Less: Current portion transferred to current liabilities	2 119 693	2 092 500
Local registered stock loans	119 693	92 500
Long-term loan	2 000 000	2 000 000
Total Other Long-term Liabilities	22 343 864	24 472 536

Refer to Appendix A for more detail on Long-term liabilities.

Local registered stock loans:

Local registered stock loans bear interest at rates between 12 and 15 percent per annum and are repayable between one and six years.

Long-term loan:

The municipality has taken up a R30 million loan from the Development Bank of South Africa to fund the Seawater Desalination plant constructed in the 2010/11 financial year. This loan bear interest at a floating rate of 9.592%.

6. NON-CURRENT PROVISIONS

	2015 R	2014 R
Rehabilitation of Landfill sites	37 757 012	35 619 822
Clearing of Alien Vegetation	13 189 026	13 649 778
	50 946 038	49 269 600
Less: Transfer to Current Provisions	1 240 936	1 534 846
Rehabilitation of Landfill sites	990 936	934 846
Clearing of Alien Vegetation	250 000	600 000
Total Non-Current Provisions	49 705 102	47 734 754
Rehabilitation of Landfill sites	36 766 076	34 684 976
Clearing of Alien Vegetation	12 939 026	13 049 778

The movement in non-current provisions are reconciled as follows:

30 June 2015

Balance at beginning of year
Contribution to provisions
Reversal of unused amounts from current
Transfer to current provision
Balance at end of year

<u>Alien Vegetation</u>	<u>Rehabilitation of Landfill Sites</u>
R	R
13 049 778	34 684 976
122 871	2 137 190
16 377	934 846
(250 000)	(990 936)
12 939 026	36 766 076

30 June 2014

Balance at beginning of year
Contribution to provisions
Reduction in carrying amount of provision
Reversal of unused amounts from current
Transfer to current provision
Balance at end of year

<u>Alien Vegetation</u>	<u>Rehabilitation of Landfill Sites</u>
R	R
14 004 703	32 494 331
-	2 016 217
(557 945)	-
203 020	1 109 274
(600 000)	(934 846)
13 049 778	34 684 976

6.1 REHABILITATION OF LANDFILL SITES

Provision is made in terms of the Municipality's licensing stipulations for the rehabilitation of landfill sites. The provision has been determined by consulting engineers. The payment dates for the total closure and rehabilitation are uncertain, but are expected to be finalised by 2018.

6.2 CLEARING OF ALIEN VEGETATION

Provision is made in terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) for the clearing of alien vegetation as settlement of the obligations in respect of this Act.

7. EMPLOYEE BENEFITS

	2015 R	2014 R
Post Employment Health Care Benefits	86 151 000	81 877 000
Ex-Gratia Gratuities	1 742 000	1 822 000
Long Service Awards	13 917 000	13 276 000
	<u>101 810 000</u>	<u>96 975 000</u>
Less: Transfer to Current liability	5 146 000	4 933 000
Post Employment Health Care Benefits	3 804 000	3 677 000
Ex-Gratia Gratuities	201 000	178 000
Long Service Awards	1 141 000	1 078 000
	<u>5 146 000</u>	<u>4 933 000</u>
Total Non-Current liability	96 664 000	92 042 000
Post Employment Health Care Benefits	82 347 000	78 200 000
Ex-Gratia Gratuities	1 541 000	1 644 000
Long Service Awards	12 776 000	12 198 000
	<u>96 664 000</u>	<u>92 042 000</u>

The movement in Employee benefits are reconciled as follows:

	<u>Post Empl Health care Benefits</u> R	<u>Ex-Gratia Gratuities</u> R	<u>Long Service Awards</u> R
30 June 2015			
Balance at beginning of year	81 877 000	1 822 000	13 276 000
Interest Cost	2 793 000	142 000	1 094 000
Service cost & transitional liability	7 391 000	-	1 088 000
Benefit payments (Expenditure incurred)	(3 955 573)	(198 263)	(1 043 473)
Actuarial loss / (gain)	(1 954 427)	(23 737)	(497 527)
Transfer to current provision	(3 804 000)	(201 000)	(1 141 000)
Balance at end of year	<u>82 347 000</u>	<u>1 541 000</u>	<u>12 776 000</u>
30 June 2014			
Balance at beginning of year	141 567 555	1 793 426	9 628 292
Interest Cost	10 518 469	121 352	668 756
Service cost & transitional liability	7 902 893	-	775 231
Benefit payments (Expenditure incurred)	(3 635 780)	(197 391)	(502 232)
Actuarial loss / (gain)	(74 476 137)	104 613	2 705 953
Transfer to current provision	(3 677 000)	(178 000)	(1 078 000)
Balance at end of year	<u>78 200 000</u>	<u>1 644 000</u>	<u>12 198 000</u>

DEFINED BENEFIT PLAN INFORMATION

7.1 POST EMPLOYMENT HEALTH CARE BENEFITS

7.1.1 Introduction and Statistics used:

Valuation Method

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

The same method was used in the previous valuation as at 30 June 2014.

Post-employment Medical Aid Liabilities

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of all active members on medical aid will remain on medical aid once they retire. We also assumed that all active members will remain on the same medical aid option at retirement.

Valuation of Assets

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our

Medical Aid Scheme Arrangements

The Municipality offers employees and continuation members (pensioners) the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical aid scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical aid scheme.

Contribution Rate Structure

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income. The contribution rate tables used are contained in Appendix of the report.

Subsidy Arrangements

The Municipality has agreed to subsidise the medical aid contributions of retired members in the following way:

- All new pensioners (that are currently still in service) will receive a 70% subsidy subject to the maximum (CAP) amount of R 3,763.30 (per month per member) for the period from 1 July 2015 to 30 June 2016. The maximum (CAP) amount was R 3,618.04 in the previous financial year.
- All existing continuation members (pensioners) will continue to receive a 70% subsidy subject to the maximum (CAP) amount of R 3,763.30 (per month per member) for the period from 1 July 2015 to 30 June 2016. The maximum (CAP) amount was R 3,618.04 in the previous financial year.
- Each of the respective member's effective date of the above-stated policy was at the date of permanent employment (at the Municipality) of each member.
- The Maximum subsidy is expected to increase at 50% of inflation.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

- In-service members
- Continuation members

Total

2015	2014
467	455
112	116
579	571

The unfunded liability in respect of past service has been estimated as follows:

- In-service members
- Continuation members

2015	2014
R	R
37 490 000	34 058 000
48 661 000	47 819 000
86 151 000	81 877 000

Summary of In-service members:

Number of Principal members
Proportion Male
Average age of members
Average past service
Average monthly subsidy payable during retirement

2015	2014
467	455
67%	68%
44.3	44.0
11.3	11.7
R 1 940	R 1 840

Summary of Continuation members:

Number of Principal members
Proportion Male
Average age of members
Average Employer Contribution p.m.

2015	2014
112	116
60%	60%
67.1	65.8
R 2 600	R 2 490

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas;
- Hosmed;
- LA Health;
- Key Health;
- Samwumed.

7.1.2 Results of Valuation:

1) Accrued Liability

In-service members
Continuation members

2015	2014
R'000	R'000
37 490	34 058
48 661	47 819

All members

Total Value of liabilities
Value of assets

Unfunded Accrued Liability

86 151	81 877
-	-
86 151	81 877

The total liability increased by 5.2% over the accounting period.

2) Current-Service and Interest Costs

Current-service Cost (In-service members)
Interest Cost (All members)
Total Cost

2015	2014
R	R
2 793 000	7 902 893
7 391 000	10 518 469
10 184 000	18 421 362

Annual Financial Statements for the year ended 30 June 2015

3) Actuarial gains and losses

Actuarial (Gain)/Loss for the period

2015

R
(1 954 427)

2014

R
(74 476 137)

The main reasons for the actuarial gain can be attributed to the following factors:

1. Changes in economic variables – Over the past year interest rates, bond yields and inflation figures changed significantly. These changes caused the accrued liability to **decrease** by around **R 145 000**.

2. Changes in membership and other smaller assumptions – There were various changes in the membership between the two valuations. The net effect of these and other smaller changes in assumptions was a **decrease** in the liability of around **R 1 809 427**.

4) Past and Future Changes in the Accrued Liability

	Year ending 30/06/2013	Year ending 30/06/2014	Year ending 30/06/2015	Year ending 30/06/2016	Year ending 30/06/2017
	R	R	R	R	R
Opening Accrued Liability	131 842 126	141 567 555	81 877 000	86 151 000	93 184 000
Current-service Cost	7 641 905	7 902 893	2 793 000	3 052 000	3 329 000
Interest Cost	10 648 888	10 518 469	7 391 000	7 785 000	8 435 000
Contributions (Benefit payments)	(3 304 776)	(3 635 780)	(3 955 573)	(3 804 000)	(3 698 000)
Total Annual Expense	14 986 017	14 785 582	6 228 427	7 033 000	8 066 000
Actuarial Loss / (Gain)	(5 260 588)	(74 476 137)	(1 954 427)	-	-
Closing Accrued Liability	141 567 555	81 877 000	86 151 000	93 184 000	101 250 000

7.1.3 Key actuarial assumptions used:

Valuation Assumptions

In estimating the liability for post-employment medical aid benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary.

APN 301 states that the assumptions should be realistic and mutually compatible. The difference between the assumptions drives the valuation and it is very important to monitor how this difference changes from one valuation to the next. The most relevant actuarial assumptions used in this valuation are discussed below.

1) Financial Variables

The two most important financial variables used in our valuation are the discount- and medical aid inflation rates. We have assumed the following values for these variables:

Financial Variable

Discount Rate

Medical Aid Contribution Inflation

CPI (Consumer Price Inflation)

2015

Yield Curve

CPI+1%

Difference

between nominal

and yield curves

Yield curve based

2014

9.07%

8.19%

7.19%

0.81%

Net Effective Discount Rate

Discount Rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

“The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.”

*Statement of Financial Position (herein referred to as the “balance sheet”).

We used the nominal and real zero curves as at 30 June 2015 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we use the prevailing yield at the time of performing our calculations. We have changed this methodology from a point estimate in order to present a more accurate depiction of the liability. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years. Previously only one discount rate was used to value all the liabilities.

Medical Aid Inflation

The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would out-strip general inflation by 1% per annum over the foreseeable future.

2) Average Retirement Age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

3) Normal Retirement Age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

4) Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

5) Spouses and Dependants

We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

6) Decrements

Withdrawal

A table setting out the assumed rates of withdrawal from service is set out below:

Age Band	Withdrawal rate	
	Males	Females
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60 +	0%	0%

7.1.4 The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	86 151 000	81 877 000
Fair value of plan assets	-	-
Unfunded Accrued Liability	86 151 000	81 877 000
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost	-	-
Unrecognised Actuarial Gains/(Losses)	-	-
Miscellaneous Item	-	-
Net liability	86 151 000	81 877 000
	2015	2014
	R	R

7.1.5 The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	2 793 000	7 902 893
Interest cost	7 391 000	10 518 469
Actuarial losses/ (gains)	(1 954 427)	(74 476 137)
Vested past service cost	-	-
Total included in employee related costs (Note 32) and Actuarial losses / (gains)	8 229 573	(56 054 775)

7.1.6 History of Liabilities, Assets and Experience Adjustments

i) Present value of accrued liability and Fair value of plan assets

	Year ending 30/06/2011	Year ending 30/06/2012	Year ending 30/06/2013	Year ending 30/06/2014	Year ending 30/06/2015
	R'000	R'000	R'000	R'000	R'000
Present value of accrued liability	85 539	131 842	141 568	81 877	86 151
Fair Value of plan asset	-	-	-	-	-
Surplus / (deficit)	(85 539)	(131 842)	(141 568)	(81 877)	(86 151)

ii) Experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments for the current period is as follows:

	Year ending 30/06/2011	Year ending 30/06/2012	Year ending 30/06/2013	Year ending 30/06/2014	Year ending 30/06/2015
	R'000	R'000	R'000	R'000	R'000
Plan liabilities (Gain) / Loss	(4 667)	2 676	1 932	622	(145)
Plan assets	-	-	-	-	-

7.1.7 Sensitivity Analysis:

The valuation is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

- 20% increase/decrease in the assumed level of mortality;
- 1% increase/decrease in the Medical Aid inflation.

Mortality rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa.

We have illustrated the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%. The effect is as follows:

	-20% Mortality rate	Valuation Assumption	+20% Mortality rate
	R	R	R
Total Accrued Liability	92 065 000	86 151 000	81 141 000
Interest Cost	8 332 000	7 785 000	7 322 000
Service Cost	3 282 000	3 052 000	2 853 000

Medical aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a. change in the medical aid inflation assumption. The effect is as follows:

	-1% Medical aid inflation	Valuation Assumption	+1% Medical aid inflation
	R	R	R
Total Accrued Liability	83 095 000	86 151 000	88 390 000
Interest Cost	7 502 000	7 785 000	7 992 000
Service Cost	2 926 000	3 052 000	3 131 000

7.2 EX-GRATIA GRATUITIES

7.2.1 Introduction and Statistics used:

Valuation Method and Assumptions

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

Ex-gratia Benefits Liabilities

The benefits taken into account in the valuation can briefly be summarised as follows:

Ex-gratia Pensions

Certain pensions are paid by the Municipality from its revenue and are therefore not funded by any of the Municipality's pension funds. The Revenue Pensions are also referred to as "Ex-gratia" Pensions. Pensioners receive a monthly pension, increased annually and payable for life.

Spouses Pensions

There is a 60% contingent pension payable to a spouse upon the pensioner's death.

Pension increases

The Municipality currently aims to target annual ex-gratia pension increases at 50% of the Headline CPI inflation.

Valuation of Assets

As at the valuation date, the ex-gratia benefits liabilities of the Municipality were unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

Statistics on eligible retirees:

	2015	2014
Number of Pensioners	8	8
Average monthly subsidy (Rand)	2 091	2 070
Pension-weighted average age	74.8	73.8

7.2.2 Results of Valuation:

1) Accrued Liability

	2015	2014
	R	R
Total Value of liabilities	1 742 000	1 822 000
Value of assets	-	-
Unfunded Accrued Liability	1 742 000	1 822 000

The total liability decreased by 4.4% over the accounting period.

2) Current-Service and Interest Costs

	2015	2014
	R	R
Total Interest Costs	142 000	121 352

As there are no in-service members that are eligible for ex-gratia pension benefits there were no Current-service cost calculated in our valuation.

3) Actuarial gains and losses

	2015	2014
	R	R
Actuarial (Gain)/Loss for the period	(23 737)	104 613

The main reasons for the actuarial gain can be attributed to the following factors:

1. Changes in economic variables – In this year's valuation we used the nominal and real zero curves as at 30 June 2015 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. As a result the interest rates, bond yields and inflation figures changed significantly. This as well as other smaller assumption differences resulted in a decrease liability of around R 23 737.

4) Past and Future Changes in the Accrued Liability

	Year ending 30/06/2013	Year ending 30/06/2014	Year ending 30/06/2015	Year ending 30/06/2016	Year ending 30/06/2017
	R	R	R	R	R
Opening Accrued Liability	1 632 326	1 793 426	1 822 000	1 742 000	1 691 000
Current-service Cost	-	-	-	-	-
Interest Cost	119 316	121 352	142 000	150 000	145 000
Benefit payments	(311 276)	(197 391)	(198 263)	(201 000)	(216 000)
Total Annual Expense	(191 960)	(76 039)	(56 263)	(51 000)	(71 000)
Actuarial Loss / (Gain)	353 060	104 613	(23 737)	-	-
Closing Accrued Liability	1 793 426	1 822 000	1 742 000	1 691 000	1 620 000

7.2.3 Key actuarial assumptions used:

Valuation Assumptions

In estimating the liability for ex-gratia benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary.

The assumptions should be realistic and mutually compatible. The difference between the assumptions drives the valuation and it is very important to monitor how this difference changes from one valuation to the next. The most relevant actuarial assumptions used in this valuation are discussed below.

1) Financial Variables

As stated we have calculated the ex-gratia pensioner liability by multiplying the annual pension provided to us by an appropriate annuity factor as at the valuation date. The assumptions we used to determine the annuity factors were as follows:

Financial Variable	2015	2014
Discount Rate	Yield Curve	8.37%
Consumer Price Inflation (CPI)	Differnece between nominal and real yield	6.72%
Pension Inflation	50% of CPI	3.36%
Net Effective Discount Rate	Yield Curve Based	4.85%

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Discount rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

*Statement of Financial Position (herein referred to as the "balance sheet").

We use the nominal and real zero curves as at 30 June 2015 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. We have changed this methodology from a point estimate in order to present a more accurate depiction of the liability. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years. Previously only one discount rate was used to value all the liabilities.

2) Mortality Rates and Spouses

Mortality has been based on the PA(90) mortality tables. These are the most commonly used tables in the industry. It was assumed that female spouses would be five years younger than their male spouses and vice versa.

7.2.4 The amounts recognised in the Statement of Financial Position are as follows:

	2015 R	2014 R
Present value of fund obligations	1 742 000	1 822 000
Fair value of plan assets	-	-
Unfunded Accrued Liability	1 742 000	1 822 000
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost	-	-
Unrecognised Actuarial Gains/(Losses)	-	-
Miscellaneous Item	-	-
Net liability	1 742 000	1 822 000

7.2.5 The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	-	-
Interest cost	142 000	121 352
Actuarial losses/ (gains)	(23 737)	104 613
Vested past service cost	-	-
Total included in employee related costs (Note 32) and Actuarial losses / (gains)	118 263	225 965

7.2.6 History of Liabilities, Assets and Experience Adjustments:

1) Present value of accrued liability and Fair value of plan assets

	Year ending 30/06/2011 R	Year ending 30/06/2012 R	Year ending 30/06/2013 R	Year ending 30/06/2014 R	Year ending 30/06/2015 R
Present value of accrued liability	1 515 265	1 632 326	1 793 426	1 822 000	1 742 000
Fair Value of plan asset	-	-	-	-	-
Surplus / (deficit)	(1 515 265)	(1 632 326)	(1 793 426)	(1 822 000)	(1 742 000)

2) Experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

	Year ending 30/06/2011 R	Year ending 30/06/2012 R	Year ending 30/06/2013 R	Year ending 30/06/2014 R	Year ending 30/06/2015 R
Plan liabilities (Gain) / Loss	583 653	223 622	207 048	16 000	(23 737)
Plan assets	-	-	-	-	-

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7.2.7 Sensitivity analysis:

The valuation is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumption:

- 20% increase/decrease in the assumed level of mortality;

Mortality rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa.

We have illustrated the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%. The effect is as follows:

	-20% Mortality rate	Valuation Assumption	+20% Mortality rate
	R	R	R
Total Accrued Liability	1 883 000	1 742 000	1 627 000
Interest Cost	163 000	150 000	140 000

7.3 LONG SERVICE AWARDS

7.3.1 Introduction and Statistics used:

Valuation Method

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

Long Service Awards Liabilities

The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth.

Long service benefits are awarded in the form of leave days and a 14th cheque (equivalent to one month's additional salary). This is then equated to one month's salary at the date of the accrual of the long service award. We have converted the awarded days leave days into a percentage of the employee's annual salary + a 14th cheque (if applicable is expressed as 1 month over a year - 12 months). The days leave conversion is based on a 250 working day year and therefore the leave days benefits awarded can be expressed as follows:

10 years service = 10 working days
 15 years service = 15 working days
 20 years service = 20 working days
 25 years service = 25 working days
 30 years service = 30 working days plus one calendar month
 35 years service = 35 working days plus one calendar month
 40 years service = 40 working days plus one calendar month
 45 years service = 45 working days plus one calendar month

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. We also allowed for mortality, retirements and withdrawals from service as set out in the next section of this report.

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.

Valuation of Assets

As at the valuation date, the long service leave award liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

Statistics on eligible employees:

	2015	2014
Number of eligible employees	849	832
Average annual salary (Rand)	145 970	138 376
Salary-weighted average age	43.69	43.51
Salary-weighted average past service	10.88	11.01

7.3.2 Results of Valuation:

1) Accrued Liability

	2015 R	2014 R
Total Value of liabilities	13 917 000	13 276 000
Value of assets	-	-
Unfunded Accrued Liability	13 917 000	13 276 000
Average liability per member	16 392	15 957

The total liability increased by 4.8% over the accounting period.

2) Current-Service and Interest Costs

	2015 R	2014 R
Current-service Cost	1 094 000	775 231
Interest Cost	1 088 000	668 756
Total Cost	2 182 000	1 443 987

3) Actuarial gains and losses

	2015 R	2014 R
Actuarial (Gain)/Loss for the period	(497 527)	2 705 953

The main reasons for the actuarial loss can be attributed to the following factors:

- 1. Changes in economic variables** – Over the past financial year changes in economic variables caused a **decrease** in liability of around **R 58 000**.
- 2. Membership changes** – Over the past financial year there has been a number of membership changes. This as well as other smaller assumption changes resulted in the liability to **decrease** by around **R 439 527**.

4) Past and Future Changes in the Accrued Liability

	Year ending 30/06/2013 R	Year ending 30/06/2014 R	Year ending 30/06/2015 R	Year ending 30/06/2016 R	Year ending 30/06/2017 R
Opening Accrued Liability	8 124 926	9 628 292	13 276 000	13 917 000	15 201 000
Current-service Cost	732 013	775 231	1 094 000	1 153 000	1 202 396
Interest Cost	656 250	668 756	1 088 000	1 272 000	1 381 200
Benefit payments	(1 012 810)	(502 232)	(1 043 473)	(1 141 000)	(1 163 000)
Total Annual Expense	375 453	941 755	1 138 527	1 284 000	1 420 596
Actuarial Loss / (Gain)	1 127 913	2 705 953	(497 527)	-	-
Closing Accrued Liability	9 628 292	13 276 000	13 917 000	15 201 000	16 621 596

7.3.3 Key actuarial assumptions used:

Valuation Assumptions

In estimating the liability for long service leave benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary.

The assumptions should be realistic and mutually compatible. The difference between the assumptions drives the valuation and it is very important to monitor how this difference changes from one valuation to the next. The most relevant actuarial assumptions used in this valuation are discussed below.

1) Financial Variables

The two most important financial variables used in our valuation are the discount rate and salary inflation. We have assumed the following values for these variables:

Financial Variable	2015	2014
Discount rate	Yield Curve	8.02%
CPI (Consumer Price Inflation)	Difference between nominal and real yield	6.37%
Normal Salary Increase Rate	Equal to CPI	7.37%
Net Effective Discount Rate	Yield Curve	0.61%

Discount Rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

*Statement of Financial Position (herein referred to as the "balance sheet").

We use the nominal and zero curves as at 30 May 2015 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period.

** The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

Normal Salary Inflation Rate

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2015 of 6.79%. As at the time of this valuation South African Municipal salaries' negotiations were still in progress. Therefore, for the purpose of performing this valuation, we have assumed that the previous year's increase rate of 6.79% is still relevant in this year's valuation. The next salary increase was assumed to take place on 01 July 2016.

In addition to the normal salary inflation rate, we assumed the following promotional salary increases:

Promotional Salary Increase Rates

Age Band	Females
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
45 and over	0

2) Average Retirement Age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

3) Normal Retirement Age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

4) Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

5) Withdrawal Decrements

A table setting out the assumed rates of withdrawal from service is set out below:

Age	Withdrawal Rate	Withdrawal Rate
	Males	Females
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60 +	0%	0%

7.3.4 The amounts recognised in the Statement of Financial Position are as follows:

	2015	2014
	R	R
Present value of fund obligations	13 917 000	13 276 000
Fair value of plan assets	-	-
Unfunded Accrued Liability	13 917 000	13 276 000
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost	-	-
Unrecognised Actuarial Gains/(Losses)	-	-
Miscellaneous Item	-	-
Net liability	13 917 000	13 276 000

7.3.5 The amounts recognised in the Statement of Financial Performance are as follows:

	2015	2014
	R	R
Current service cost	1 094 000	775 231
Interest cost	1 088 000	668 756
Actuarial losses/ (gains)	(497 527)	2 705 953
Vested past service cost	-	-
Total included in employee related costs (Note 32) and Actuarial losses / (gains)	1 684 473	4 149 940

7.3.6 History of Liabilities, Assets and Experience Adjustments:

i) Present value of accrued liability and Fair value of plan assets:

	Year ending 30/06/2011	Year ending 30/06/2012	Year ending 30/06/2013	Year ending 30/06/2014	Year ending 30/06/2015
	R	R	R	R	R
Present value of accrued liability	6 990 489	8 124 926	9 628 292	13 276 000	13 917 000
Fair Value of plan asset	-	-	-	-	-
Surplus / (deficit)	(6 990 489)	(8 124 926)	(9 628 292)	(13 276 000)	(13 917 000)

ii) Experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

	Year ending 30/06/2011	Year ending 30/06/2012	Year ending 30/06/2013	Year ending 30/06/2014	Year ending 30/06/2015
	R	R	R	R	R
Plan liabilities (Gain) / Loss	(344 738)	131 466	986 908	850 000	(58 000)
Plan assets	-	-	-	-	-

7.3.7 Sensitivity Analysis:

As mentioned in the introduction of this report, the valuation is only an estimate of the cost of providing Long service leave award benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables and the demographic profile of the membership.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

- 20% increase/decrease in the assumed level of withdrawal rates;
- 1% increase/decrease in the Normal Salary cost inflation

Withdrawal rate

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rates of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

We have illustrated the effect of higher and lower withdrawal rates by increasing and decreasing the withdrawal rates by 20%. The effect is as follows:

	-20% Withdrawal rate	Valuation Assumption	+20% Withdrawal rate
	R	R	R
Total Accrued Liability	14 731 000	13 917 000	13 196 000
Current Service Cost	1 266 000	1 153 000	1 058 000
Interest Cost	1 351 000	1 272 000	1 202 000

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Normal salary inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a. change in the Normal Salary inflation assumption. The effect is as follows:

	-1% Normal salary inflation	Valuation Assumption	+1% Normal salary inflation
	R	R	R
Total Accrued Liability	12 884 000	13 917 000	15 074 000
Current Service Cost	1 049 000	1 153 000	1 273 000
Interest Cost	1 173 000	1 272 000	1 382 000

7.4 INFORMATION ABOUT THE MUNICIPALITY'S OTHER RETIREMENT FUNDS

The personnel of Mosselbay Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Cape Joint Pension Fund is a defined benefit plan, whereas the Cape Retirement Fund, the Municipal Councillors Fund and the Provident Fund are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not notionally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers, and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. The last valuation performed for the year ended 30 June 2014 (30 June 2013) revealed that the fund had an actuarial surplus of R23 343 000 (deficit of R10 030 000) with a funding level of 101.7% (99.2%), and is in a sound financial state as at 30 June 2014.

CAPE RETIREMENT FUND

The fund is in a sound financial condition at the valuation date of 30 June 2014. The total value of net assets of the Fund was R17.212 billion. An effective investment return of 24.5% per annum was awarded for the Growth Portfolio, 6.5% for the Protection Portfolio and 12.8% for the Moderate Portfolio for the year ending 30 June 2014. The funding level for the Share account was 99.9% and 112.6% for the Pensions account.

SALA PENSION FUND

The SALA Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. The last valuation performed as on 1 July 2013 revealed that the fund had an actuarial surplus of R0 with a funding level of 100%, and is in a sound financial state as at 1 July 2013.

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13.75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future. The last valuation performed for the year ended 30 June 2012 revealed that the fund had an funding level of 99.5% (2009 - 102.0%), and is in a sound financial state as at 30 June 2012.

SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

As actuaries of SAMWU provident Fund, Towers Watson, confirmed that the fund is financially stable, operates as a going concern and has no liquidity issues.

8. NON-CURRENT DEPOSITS

	2015	2014
	R	R
Santos Pavilion Repair Fund		
Balance at beginning of year	242 751	235 202
Interest on Investment	8 840	7 549
	<u>251 591</u>	<u>242 751</u>

This fund was created after the Pavilion burnt down a number of years ago. An entrepreneur restored the pavilion to its original form in exchange for a 93-year lease at a reasonable rent. It was also a condition that he should make available an amount of R100 000 to Council as an investment. Interest earned may be used by Council for the maintenance of the building, should he fail to do it himself.

9. CONSUMER DEPOSITS

	2015	2014
	R	R
Electricity	10 981 730	9 883 233
Water	8 473 272	7 496 216
Total consumer deposits	<u>19 455 002</u>	<u>17 379 449</u>

Guarantees held in lieu of electricity deposits

	<u>-</u>	<u>-</u>
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No Guarantees are held in lieu of electricity and water. No interest accrues on consumer deposits.

10. PROVISIONS (CURRENT PORTION)

	2015	2014
	R	R
Rehabilitation of Landfill sites	990 936	934 846
Clearing of Alien Vegetation	250 000	600 000
Total Provisions	<u>1 240 936</u>	<u>1 534 846</u>

The movement in current provisions are reconciled as follows:

	2015	2014
	R	R
Rehabilitation of Landfill sites		
Balance at beginning of year	934 846	1 109 274
Transfer from non-current	990 936	934 846
Unused amount reversed to non-current	(934 846)	(1 109 274)
Expenditure incurred	-	-
Balance at end of year	<u>990 936</u>	<u>934 846</u>

Rehabilitation of Landfill sites:

This is the current portion which is due of the non-current provision. (refer note 6)

Clearing of Alien Vegetation

	2015	2014
	R	R
Balance at beginning of year	600 000	800 000
Transfer from non-current	250 000	600 000
Unused amount reversed to non-current provision	(16 377)	(203 020)
Expenditure incurred	(583 623)	(596 980)
Balance at end of year	<u>250 000</u>	<u>600 000</u>

Clearing of Alien Vegetation:

This is the current portion which is due of the non-current provision. (refer note 6)

11. CURRENT EMPLOYEE BENEFITS

	2015	2014
	R	R
Current portion of Post Employment Health Care Benefits (Refer to note 7)	3 803 999	3 677 000
Current portion of Ex-Gratia Gratuities (Refer to note 7)	201 000	178 000
Current portion of Long Service Awards (Refer to note 7)	1 141 000	1 078 000
Staff Leave accrual	12 247 889	11 432 078
Performance Bonuses accrual	629 483	652 930
Employee Bonuses accrual	4 516 721	4 240 620
Employee Overtime / Standby allowances accrual	764 031	798 823
Total Current Employee Benefits	23 304 123	22 057 451
Performance bonuses accrual	2015	2014
	R	R
Balance at beginning of year	652 930	534 016
Contributions to provisions	615 340	639 043
Expenditure incurred	(638 787)	(520 129)
Balance at end of year	629 483	652 930

Performance Bonus accrual:

Performance bonuses accrue to employees on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due to staff as at the financial year end.

Staff leave accrual

	2015	2014
	R	R
Balance at beginning of year	11 432 078	11 472 763
Contributions to provisions	1 968 921	789 278
Expenditure incurred	(1 153 111)	(829 962)
Balance at end of year	12 247 889	11 432 078

Staff Leave Accrual:

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and the total remuneration package of the employee.

Employee bonus accrual

	2015	2014
	R	R
Balance at beginning of year	4 240 620	3 989 416
Contributions to provisions	4 516 721	4 240 620
Expenditure incurred	(4 240 620)	(3 989 416)
Balance at end of year	4 516 721	4 240 620

Employee bonus Accrual:

Annual bonuses accrue to employees on an annual basis, based on the employee contract. These accruals are an estimate of the amount due to staff as at the financial year end.

Employee Overtime / Standby allowances

	2015	2014
	R	R
Balance at beginning of year	798 823	832 671
Contributions to provisions	764 031	798 823
Expenditure incurred	(798 823)	(832 671)
Balance at end of year	764 031	798 823

Employee Overtime / Standby allowances accrual:

An accrual is done for the Overtime/Standby allowances that accrued to employees with regards to the financial year.

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	2015	2014
	R	R
Trade payables	59 328 636	60 906 188
Payments received in advance	23 154 382	13 327 586
Accrued Expenditure	100 282	67 172
Retentions	9 102 215	8 460 108
Other payables	340 115	902 788
Other deposits	8 027 385	7 391 788
Total Payables from exchange transactions	100 053 016	91 055 631

Refer to Notes 42.1 for detail regarding the restatement of previous year balances.

The fair value of trade and other payables approximates their carrying amounts. Trade and other payables are normally settled on 30 day terms in accordance with the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice/statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors.

13. UNSPENT / (UNPAID) CONDITIONAL GRANTS AND RECEIPTS

	2015 R	2014 R
13.1.1 Unspent conditional grants from spheres of government	33 827 318	15 438 846
Provincial Grants (Note 29)	27 092 658	15 407 857
National Grants (Note 29)	6 734 661	30 989
District Municipality (Note 29)	-	-
Other Government Grants (Note 29)	-	-
13.1.2 Unspent other conditional receipts	101 875	204 317
Developers contributions (Note 31)	-	-
Public contributions (Note 31)	101 875	204 317
Total unspent conditional grants and receipts	33 929 193	15 643 163
	2015 R	2014 R
13.2.1 Unpaid conditional grants from spheres of government	-	(4 769 729)
Provincial Grants (Note 29)	-	(4 769 729)
National Grants (Note 29)	-	-
District Municipality (Note 29)	-	-
Other Government Grants (Note 29)	-	-
13.2.2 Unpaid other conditional receipts	-	-
Developers contributions (Note 31)	-	-
Public contributions (Note 31)	-	-
Total unpaid conditional grants and receipts	-	(4 769 729)

These amounts are invested in a ring-fenced investments until utilised in terms of section 12 of the MFMA.

Refer to Note 29 for reconciliation of Grants & Subsidies and Note 31 for reconciliation of Public Contributions. Also refer to Appendix D for detail per Vote, per Project and Per Grant/contribution.

14. VAT Payable / Receivable

	2015 R	2014 R
VAT Payable	-	-
VAT Receivable	5 183 947	4 806 948
Total VAT Receivable / (Payable)	5 183 947	4 806 948

VAT is payable on the receipts basis. Only once payment is received from debtors VAT is paid over SARS.

15. PROPERTY, PLANT & EQUIPMENT

	2015 R	2014 R
As at 30 June 2013		
Carrying values at the beginning of the year	1 688 104 690	1 656 230 159
Cost	2 032 035 160	1 983 799 798
Under Construction	65 041 553	27 315 465
Accumulated Depreciation	(408 972 023)	(354 885 103)
Movement in Cost:		
Acquisitions - PPE	44 604 680	55 302 549
Disposals	(8 692 731)	(2 867 087)
Impairment losses	(1 363 370)	-
Reclassification (to) / from other assets	-	(4 200 100)
Movement in Under Construction:		
Under Construction - Additions	109 759 570	87 155 283
Completed Under construction	(30 734 226)	(49 429 195)
Movement in Accumulated Depreciation:		
Depreciation	(58 384 363)	(55 944 809)
Accumulated Depreciation on disposals	6 013 666	1 857 889
Carrying values at the end of the year	1 749 307 916	1 688 104 690
Cost	2 066 583 739	2 032 035 160
Under Construction	144 066 898	65 041 553
Accumulated Depreciation	(461 342 721)	(408 972 023)

Refer to Notes 42.2 for detail regarding the restatement of previous year balances.

Refer to Notes 44.1 for detail regarding the change in accounting estimates relating to changes in useful lives and residual values of PPE assets.

Refer to Notes 43.1 for detail regarding change in accounting policy.

Refer to Note 51 for the amount of contractual commitment for the acquisition of PPE. The amount of R37 490 270 for contractual commitments is approved and contracted.

Finance lease liabilities are secured over the items of computer equipment and office equipment leased. The total carrying value of these leased assets at 30 June 2015 is R1 817 101 and include leased assets where the finance leases have been fully redeemed, but the assets are still used by the municipality. The monthly payments regarding these leased assets are treated as operating leases.

Included in the Infrastructure cost is an amount of R127 832 541 for the Seawater Desalination Plant which was completed during the 2012/13 year and is the Municipality's portion of the capital expenditure for the construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility. There are no budgeted capital commitments toward the Seawater Desalination facility for the following year.

Two capital assets of the Municipality, the main pavilion at Riebeeck Stadium and the guard hut at Louis Fourie land fill site, have structural damage. Both capital assets have been classified as part of non-cash generating unit. No active market exists for both capital assets, therefore the recoverable service amount was determined by determining the value in use. The restoration cost approach was used to determine the value in use.

ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2015

	Cost							Accumulated Depreciation					Carrying value	
	Opening Balance	Under Construction	Fair Value Adjustments	Additions and Finalised WIP	Transfers (From) or To	Impairment Loss or (Reversal)	Disposed	Closing Balance	Opening Balance	Transfers (From) or To	Additions	Disposed		Closing balance
	R	R	R	R	R	R	R	R	R	R	R	R		R
INFRASTRUCTURE ASSETS														
Elec. Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elec. Reticulation	212 947 154	40 841 926	-	3 913 415	-	-	-	257 702 495	57 808 102	-	4 459 170	-	62 267 272	195 435 223
Solid Waste	38 498 920	-	-	2 137 190	-	71 241	-	40 564 869	12 799 069	-	4 500 693	-	17 299 762	23 265 106
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges	323 067 331	56 088 353	-	7 101 854	-	-	86 669	386 170 870	74 249 871	-	10 665 887	39 424	84 876 334	301 294 536
Sewerage: Purification	82 783 452	3 090 616	-	3 738 468	-	-	2 630	89 609 907	32 079 692	-	1 351 200	2 594	33 428 298	56 181 609
Sewerage: Reticulation	236 966 168	6 532 454	-	2 897 709	-	-	194 868	246 201 463	45 431 432	-	6 882 532	35 615	52 278 349	193 923 114
Stormwater	89 357 588	1 186 534	-	5 283 098	-	-	1 204	95 826 017	13 821 807	-	1 692 078	681	15 513 205	80 312 812
Street Lighting	1 901 513	-	-	84 376	-	-	-	1 985 889	292 785	-	88 951	-	381 736	1 604 153
Water: Dams & Reservoirs	46 681 266	-	-	744 754	-	-	6 554	47 419 466	18 553 709	-	916 864	6 348	19 464 225	27 955 241
Water: Purification	221 295 799	-	-	508 692	-	-	38 734	221 765 757	25 749 230	-	7 028 437	32 874	32 744 792	189 020 965
Water: Reticulation	134 404 811	17 507 118	-	4 044 420	-	-	2 947 343	153 009 006	42 618 357	-	5 012 675	2 061 713	45 569 320	107 439 686
Sub-Total	1 387 904 003	125 247 001	-	30 453 976	-	71 241	3 278 001	1 540 255 738	323 404 054	-	42 598 489	2 179 249	363 823 294	1 176 432 445
COMMUNITY ASSETS														
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	899 180	-	-	-	-	-	-	899 180	101 848	-	29 254	-	131 101	768 079
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Halls	30 484 127	-	-	-	-	-	-	30 484 127	2 565 678	-	415 015	-	2 980 692	27 503 434
Fire, Safety & Emergency	7 280 782	-	-	-	-	-	-	7 280 782	963 867	-	178 165	-	1 142 032	6 138 750
Libraries	9 492 926	15 200	-	-	-	-	20 334	9 487 792	965 360	-	167 511	1 386	1 131 485	8 356 307
Museums & Art Galleries	430 000	-	-	-	-	-	-	430 000	-	-	-	-	-	430 000
Parks & Gardens	6 576 850	-	-	-	-	-	6 850	6 570 000	3 526	-	205	3 730	0	6 570 000
Recreational Facilities	46 593 341	-	-	-	-	-	-	46 593 341	8 721 006	-	1 563 682	-	10 284 688	36 308 653
Social Rental Housing	25 148 017	-	-	-	-	-	-	25 148 017	2 937 423	-	480 074	-	3 417 497	21 730 520
Sport fields & Stadiums	139 398 524	-	-	-	-	1 292 129	679	138 105 717	16 596 389	-	2 761 277	574	19 357 091	118 748 625
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Other	47 398 914	-	-	-	-	-	120 666	47 278 248	4 413 425	-	832 288	-	5 245 712	42 032 535
Sub-Total	313 702 660	15 200	-	-	-	1 292 129	148 529	312 277 203	37 268 520	-	6 427 470	5 690	43 690 300	268 586 903
Total carried forward	1 701 606 664	125 262 201	-	30 453 976	-	1 363 370	3 426 530	1 852 532 941	360 672 574	-	49 025 959	2 184 939	407 513 594	1 445 019 347

	Cost							Accumulated Depreciation					Carrying value	
	Opening Balance	Under Construction	Fair Value Adjustments	Additions and Finalised WIP	Transfers (From) or To	Impairment Loss or (Reversal)	Disposed	Closing Balance	Opening Balance	Transfers (From) or To	Additions	Disposed		Closing balance
	R	R	R	R	R	R	R	R	R	R	R	R		R
Total brought over	1 701 606 664	125 262 201	-	30 453 976	-	1 363 370	3 426 530	1 852 532 941	360 672 574	-	49 025 959	2 184 939	407 513 594	1 445 019 347
OTHER ASSETS														
Civic Land & Buildings	68 230 234	-	-	-	-	-	-	68 230 234	3 136 824	-	680 448	-	3 817 271	64 412 963
Other Buildings	41 769 969	5 424 891	-	3 911	-	-	-	47 198 771	5 610 171	-	1 044 958	-	6 655 129	40 543 642
Other Land	135 284 709	-	-	-	-	-	115 000	135 169 709	-	-	-	-	-	135 169 709
Computers: Hardware & Eqpt	7 376 876	-	-	4 438 263	-	-	820 057	10 995 083	3 754 309	-	1 669 886	563 003	4 861 192	6 133 891
Furniture & Office Equipment	17 402 462	-	-	1 878 625	-	-	475 066	18 806 021	8 081 001	-	1 655 760	325 376	9 411 386	9 394 636
General Vehicles	27 372 253	-	-	3 834 406	-	-	1 425 917	29 780 742	10 717 318	-	1 861 099	1 118 764	11 459 653	18 321 089
Plant & Equipment	18 076 235	11 891 821	-	1 078 112	-	-	806 873	30 239 296	11 512 590	-	1 755 510	635 275	12 632 825	17 606 471
Security Measures	1 772 091	1 487 984	-	818 735	-	-	-	4 078 810	814 209	-	268 374	-	1 082 584	2 996 226
Specialised Vehicles	13 122 164	-	-	2 098 652	-	-	1 623 289	13 597 527	4 656 631	-	420 839	1 186 309	3 891 160	9 706 367
Other Assets	21 502	-	-	-	-	-	-	21 502	16 397	-	1 530	-	17 927	3 575
Sub-Total	330 428 496	18 804 697	-	14 150 704	-	-	5 266 201	358 117 696	48 299 449	-	9 358 404	3 828 726	53 829 127	304 288 569
Total Property, Plant & Equipment	2 032 035 160	144 066 898	-	44 604 680	-	1 363 370	8 692 731	2 210 650 637	408 972 023	-	58 384 363	6 013 666	461 342 721	1 749 307 916
INTANGIBLE ASSETS														
Intangible Assets: Software	176 867	-	-	4 690	-	-	-	181 557	94 531	-	25 522	-	120 053	61 504
Intangible Assets: Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	176 867	-	-	4 690	-	-	-	181 557	94 531	-	25 522	-	120 053	61 504
HERITAGE ASSETS														
Heritage Assets: Buildings	3 397 827	-	-	-	-	-	-	3 397 827	-	-	-	-	-	3 397 827
Heritage Assets: Other	732 769	-	-	-	-	-	-	732 769	-	-	-	-	-	732 769
Heritage Assets: Monuments	95 003	-	-	-	-	-	-	95 003	-	-	-	-	-	95 003
	4 225 599	-	-	-	-	-	-	4 225 599	-	-	-	-	-	4 225 599
INVESTMENT PROPERTIES														
Investment Property: Buildings	51 627 900	-	2 735 400	-	-	-	-	54 363 300	-	-	-	-	-	54 363 300
Investment Property: Land	285 539 705	-	-8 672 013	-	-	-	342 592	276 525 100	-	-	-	-	-	276 525 100
	337 167 605	-	-5 936 613	-	-	-	342 592	330 888 400	-	-	-	-	-	330 888 400
Grant Total Capital Assets	2 373 605 231	144 066 898	-5 936 613	44 609 370	-	1 363 370	9 035 323	2 545 946 193	409 066 554	-	58 409 885	6 013 666	461 462 774	2 084 483 419
INCLUDED ABOVE:														
Leased Assets:	4 970 377	-	-	196 292	-	-	1 303 742	3 862 927	2 291 566	-	795 450	1 041 190	2 045 826	1 817 101
Computer Hardware	3 826 796	-	-	60 275	-	-	606 871	3 280 199	1 393 603	-	722 372	394 449	1 721 527	1 558 673
Computer Software	41 477	-	-	-	-	-	-	41 477	37 996	-	1 155	-	39 151	2 326
Office Machines	518 960	-	-	136 018	-	-	113 726	541 251	306 501	-	56 162	77 514	285 149	256 102
Vehicles	583 144	-	-	-	-	-	583 144	-	553 466	-	15 761	569 227	-	-
Land & Buildings (PPE):	515 212 581	37 954	-	3 911	-	-	235 666	515 018 781	22 318 427	-	4 125 957	-	26 444 384	488 574 396
Land	251 042 889	-	-	-	-	-	235 666	250 807 223	-	-	-	-	-	250 807 223
Buildings	264 169 691	37 954	-	3 911	-	-	-	264 211 557	22 318 427	-	4 125 957	-	26 444 384	237 767 173

ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2014

	Cost							Accumulated Depreciation						Carrying value	
	Opening Balance	Under Construction	Fair Value Adjustments	Additions and Finalised WIP	Transfers (From) or To	Impairment Loss or (Reversal)	Disposed	Closing Balance	Opening Balance	Transfers (From) or To	Additions	Impairment losses or reversals	Disposed		Closing balance
	R	R	R	R	R	R	R	R	R	R	R	R	R		R
INFRASTRUCTURE ASSETS															
Elec. Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Elec. Reticulation	195 816 128	23 340 117	-	24 435 320	-	-	-	243 591 565	54 070 528	-	3 737 574	-	-	57 808 102	185 783 463
Solid Waste	36 478 703	4 000	-	2 016 217	-	-	-	38 498 920	7 847 742	-	4 951 327	-	-	12 799 069	25 699 851
Roads, Pavements & Bridges	322 648 851	22 836 455	-	7 556 237	-2 200 000	-	41 171	350 800 372	59 627 125	-	14 656 797	-	34 051	74 249 871	276 550 501
Sewerage: Purification	85 209 661	3 850 296	-	-	-	-	-	89 059 957	30 717 117	-	1 362 575	-	-	32 079 692	56 980 265
Sewerage: Reticulation	228 731 332	7 718 138	-	1 661 335	-	-	-	238 110 805	39 074 485	-	6 356 947	-	-	45 431 432	192 679 373
Stormwater	80 547 854	1 482 277	-	2 511 808	-	-	-	84 541 939	12 267 386	-	1 554 420	-	-	13 821 807	70 720 132
Street Lighting	1 527 063	-	-	374 451	-	-	-	1 901 513	216 547	-	76 238	-	-	292 785	1 608 728
Water: Dams & Reservoirs	46 462 426	-	-	218 840	-	-	-	46 681 266	17 686 277	-	867 432	-	-	18 553 709	28 127 557
Water: Purification	221 544 719	576 242	-	177 907	-	-	-	222 298 867	18 731 092	-	7 018 137	-	-	25 749 230	196 549 638
Water: Reticulation	132 178 150	5 234 028	-	48 172	-	-	-	137 460 351	38 506 386	-	4 111 971	-	-	42 618 357	94 841 994
Sub-Total	1 351 144 888	65 041 553	-	39 000 286	-2 200 000	-	41 171	1 452 945 556	278 744 686	-	44 693 419	-	34 051	323 404 054	1 129 541 502
COMMUNITY ASSETS															
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cemeteries	816 687	-	-	82 492	-	-	-	899 180	89 308	-	12 540	-	-	101 848	797 332
Clinics	-	-	-	-	-	-	-	-	-0	-	0	-	-	-0	0
Community Halls	30 484 127	-	-	-	-	-	-	30 484 127	2 368 131	-	197 547	-	-	2 565 678	27 918 449
Fire, Safety & Emergency	7 280 782	-	-	-	-	-	-	7 280 782	940 027	-	23 840	-	-	963 867	6 316 915
Libraries	9 383 037	-	-	109 889	-	-	-	9 492 926	917 238	-	48 121	-	-	965 360	8 527 566
Museums & Art Galleries	430 000	-	-	-	-	-	-	430 000	0	-	-0	-	-	-0	430 000
Parks & Gardens	6 576 880	-	-	-	-	-	30	6 576 850	0	-	3 553	-	28	3 526	6 573 324
Recreational Facilities	46 431 638	-	-	148 500	-	-	-	46 580 138	8 569 312	-	151 694	-	-	8 721 006	37 859 132
Social Rental Housing	25 173 517	-	-	-	-	-	25 500	25 148 017	2 553 954	-	383 469	-	-	2 937 423	22 210 594
Sport fields & Stadiums	139 341 506	-	-	57 018	-	-	-	139 398 524	15 560 690	-	1 035 699	-	-	16 596 389	122 802 135
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Other	47 513 552	-	-	-	-	-	114 638	47 398 914	3 175 437	-	1 237 987	-	-	4 413 425	42 985 489
Sub-Total	313 431 727	-	-	397 899	-	-	140 168	313 689 458	34 174 098	-	3 094 450	-	28	37 268 520	276 420 937
Total carried forward	1 664 576 615	65 041 553	-	39 398 185	-2 200 000	-	181 339	1 766 635 014	312 918 784	-	47 787 869	-	34 079	360 672 574	1 405 962 440

	Cost								Accumulated Depreciation						Carrying value
	Opening Balance	Under Construction	Fair Value Adjustments	Additions and Finalised WIP	Transfers (From) or To	Impairment Loss or (Reversal)	Disposed	Closing Balance	Opening Balance	Transfers (From) or To	Additions	Impairment losses or reversals	Disposed	Closing balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought over	1 664 576 615	65 041 553	-	39 398 185	-2 200 000	-	181 339	1 766 635 014	312 918 784	-	47 787 869	-	34 079	360 672 574	1 405 962 440
OTHER ASSETS															
Civic Land & Buildings	68 230 234	-	-	-	-	-	-	68 230 234	2 898 751	-	238 073	-	-	3 136 824	65 093 411
Other Buildings	39 975 742	-	-	1 794 227	-	-	-	41 769 969	5 263 801	-	346 370	-	-	5 610 171	36 159 798
Other Land	131 888 863	-	-	5 450 000	-2 000 100	-	40 851	135 297 912	-	-	-	-	-	-	135 297 912
Computers: Hardware & Eqpt	6 809 294	-	-	823 178	-	-	255 596	7 376 876	2 802 876	-	1 090 074	-	138 640	3 754 309	3 622 567
Furniture & Office Equipment	16 364 372	-	-	1 563 375	-	-	525 284	17 402 462	6 865 285	-	1 624 657	-	408 941	8 081 001	9 321 461
General Vehicles	25 646 957	-	-	2 852 790	-	-	1 127 494	27 372 253	9 658 883	-	1 768 823	-	710 388	10 717 318	16 654 936
Plant & Equipment	17 002 588	-	-	1 414 566	-	-	340 919	18 076 235	9 817 217	-	1 964 511	-	269 137	11 512 590	6 563 645
Security Measures	1 321 964	-	-	450 127	-	-	-	1 772 091	145 239	-	668 971	-	-	814 209	957 881
Specialised Vehicles	11 961 668	-	-	1 556 100	-	-	395 604	13 122 164	4 499 411	-	453 922	-	296 703	4 656 631	8 465 534
Other Assets	21 502	-	-	-	-	-	-	21 502	14 858	-	1 540	-	-	16 397	5 104
Sub-Total	319 223 183	-	-	15 904 364	-2 000 100	-	2 685 748	330 441 699	41 966 319	-	8 156 940	-	1 823 810	48 299 449	282 142 250
Total Property, Plant & Equipment	1 983 799 798	65 041 553	-	55 302 549	-4 200 100	-	2 867 087	2 097 076 713	354 885 103	-	55 944 809	-	1 857 889	408 972 023	1 688 104 689
INTANGIBLE ASSETS															
Intangible Assets: Software	116 988	-	-	59 879	-	-	-	176 867	75 102	-	19 429	-	-	94 531	82 336
Intangible Assets: Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	116 988	-	-	59 879	-	-	-	176 867	75 102	-	19 429	-	-	94 531	82 336
HERITAGE ASSETS															
Heritage Assets: Buildings	3 397 827	-	-	-	-	-	-	3 397 827	-	-	-	-	-	-	3 397 827
Heritage Assets: Other	732 769	-	-	-	-	-	-	732 769	-	-	-	-	-	-	732 769
Heritage Assets: Monuments	95 003	-	-	-	-	-	-	95 003	-	-	-	-	-	-	95 003
	4 225 599	-	-	-	-	-	-	4 225 599	-	-	-	-	-	-	4 225 599
INVESTMENT PROPERTIES															
Investment Property: Buildings	31 185 931	-	2 677 293	17 764 676	-	-	-	51 627 900	-	-	-	-	-	-	51 627 900
Investment Property: Land	292 937 786	-	-12 524 391	1 041 210	4 200 100	-	115 000	285 539 705	-	-	-	-	-	-	285 539 705
	324 123 717	-	-9 847 098	18 805 886	4 200 100	-	115 000	337 167 605	-	-	-	-	-	-	337 167 605
Grant Total Capital Assets	2 312 266 102	65 041 553	-9 847 098	74 168 314	-	-	2 982 087	2 438 646 783	354 960 205	-	55 964 238	-	1 857 889	409 066 554	2 029 580 225

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16. BIOLOGICAL ASSETS

	Quantity (Hectar)	Fair value (per Hectar) R	2015 R	2014 R
Pine Grove Plantation	-	-	-	1 961 495
			-	1 961 495

The trees of Pine grove plantation, which was located on farms 25 and 46 (Great brak river), were harvested during the financial year. Council decided rather to lease the property than to re-plant.

Reconciliation of fair value:

	2015 R	2014 R
Opening Fair Value	1 961 495	1 832 981
Fair Value adjustments - Price changes	-	61 057
Fair Value adjustments - Cost changes	-	-5 480
Fair Value adjustments - Volume changes	-	72 937
Sale of timber	-1 961 495	-
Closing Fair Value	-	1 961 495

No title or other restrictions are placed on biological assets.
No biological assets were pledged as security for liabilities.
There are no commitments for the acquisition of biological assets.

17. INTANGIBLE ASSETS

	2015 R	2014 R
Carrying values at the beginning of the year	82 336	41 886
Cost	176 867	116 988
Accumulated amortisation	(94 531)	(75 102)
<u>Movement in Cost:</u>		
Acquisitions	4 690	59 879
<u>Movement in Accumulated Depreciation:</u>		
Amortisation	(25 522)	(19 429)
Carrying values at the end of the year	61 504	82 336
Cost	181 557	176 867
Accumulated amortisation	(120 053)	(94 531)

Intangible assets are initially recognised at cost and are carried at cost less accumulated amortisation and impairments.

Intangible assets have finite useful lives and the estimated remaining useful lives are reviewed at each reporting period.

The amortisation expense is included in the line item "Amortisation - Intangible Assets" (Note 36) in the Statement of Financial Performance.

The municipality does not have any internally generated intangible assets.

No restrictions are placed on intangible assets.

No intangible assets were pledged as security for liabilities.

Refer to Notes 44.1 for detail regarding the change in accounting estimates relating to changes in useful lives and residual values of Intangible assets.

18. INVESTMENT PROPERTY

	2015 R	2014 R
Carrying values at the beginning of the year	337 167 605	337 074 617
Cost	337 167 605	324 123 717
Under Construction	-	12 950 899
<u>Movement in Cost:</u>		
Acquisitions	-	18 805 886
Fair Value adjustment	(5 936 613)	(9 847 098)
De-recognition	(342 592)	(115 000)
Reclassification (to) / from other assets	-	4 200 100
<u>Movement in Under Construction:</u>		
Under Construction - Additions	-	1 913 776
Completed Under construction	-	(14 864 676)
Carrying values at the end of the year	330 888 400	337 167 605
Cost	330 888 400	337 167 605
Under Construction	-	-
Amounts included in Surplus/Deficit for the year, are as follows:		
Rental Revenue from Investment Property	1 311 602	1 243 519
Fair value adjustment	(5 936 613)	(9 847 098)

Refer to Notes 42.3 for detail regarding the restatement of previous year balances.

Refer to Notes 43.1 for detail regarding change in accounting policy.

At initial recognition, the municipality measures Investment Property at cost and the fair value model is applied to investment property for subsequent measurement. Under the fair value model, Investment Property is carried at its fair value at the reporting date.

The fair value of Investment Property is supported by market evidence.

Revaluations were performed by an independent valuator, Mr CH Badenhorst, of Abathathu Valuers CC, who holds a recognised and relevant qualification. As the valuer are bound to place a fair value on the properties valued, he selected to make use of 3 different methods of valuation practice, namely, Market value, Capitalisation of Property Income and Replacement cost less depreciation.

The fair value adjustment is included in the line item "Fair value adjustment" (Note 41) in the Statement of Financial Performance.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of de-recognition.

No investment properties were pledged as security for liabilities.

19. HERITAGE ASSETS

	2015 R	2014 R
Carrying values at the beginning of the year	4 225 599	4 225 599
Cost	4 225 599	4 225 599
<u>Movements:</u>		
None	-	-
Carrying values at the end of the year	4 225 599	4 225 599
Cost	4 225 599	4 225 599

The following Heritage Assets were identified, but no value could be provided:

Site 3419, Mossel Bay - Cave at the point

The Cape st. Blaize Cave at the point in Mosselbay situated on site 3419 is classified as a heritage asset controlled and owned by the Municipality. The Cape st. Blaize Cave yield artefacts dating back 80 000 years. The artefacts it selves are housed at the Culture Museum which is not controlled or owned by the Municipality.

Sites 7357 en 2938, Mossel Bay - Harry Giddey

The Harry Giddey Park on site 2938 is classified as a heritage asset of the Municipality. The park was erected in 1887 and originally named after Queen Victory of England to commemorate her 50th year as Queen. The park was renamed later in 1939 as the Harry Giddey Park in honour of Mr Harry Giddey, a wealthy person of Mossel Bay for all the efforts to upgrade the park.

20. LONG-TERM RECEIVABLES

	2015 R	2014 R
Long-term receivables:	1 888 697	2 060 173
Study Loans	129 080	114 938
Land Sales Debtors	15 456	16 833
Public Assistance Loans	86 906	106 051
Housing Selling Scheme Loans	1 657 254	1 822 352
Less: Current portion transferred to current receivables	404 057	422 191
Land Sales Debtors	3 195	3 222
Public Assistance Loans	70 675	85 551
Housing Selling Scheme Loans	330 187	333 418
Less: Provision for Debt Impairment of long-term receivables	1 137 276	775 694
Housing Selling Scheme Loans	1 137 276	775 694
Total	347 364	862 288
<u>Reconciliation of Debt Impairment of Long-term receivables</u>		
Balance at beginning of year	775 694	1 286 962
Contribution to / (Reversal from) provision	361 582	(511 268)
Bad Debts written off / recovered	-	-
Balance at end of year	1 137 276	775 694

Outstanding Land Sales debtors and Housing selling scheme loans were summarised in scheme numbers. A payment % report was also drawn from the system per suburb, as the report can not be drawn per scheme, and vice versa.

A payment percentage of 32.01 % was established and a provision for debt impairment was made for 67.99%.

No provision for debt impairment to be recognised for study and public assistance loans.

Land Sales

Loans were granted to qualified individuals by Council. These loans attract interest at market-related interest rates.

Public assistance loans

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at a rate of between 12% and 15% per annum. The last repayment is in September 2018.

Housing Selling Scheme Loans

Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing.

21. INVENTORY

	2015 R	2014 R
Consumable stores	1 956 689	930 179
Maintenance materials	7 908 705	8 059 081
Meters	472 689	304 317
Spare parts	1 042	4 171
Housing Topstructures	9 454 922	25 641 646
Purification Materials	602 937	1 057 384
Water purification	242 242	156 970
Total inventory	20 639 227	36 153 747

Inventory to the value of R73 479 (R107 575 in 2013/14) was written off during the financial year.

Housing topstructure inventory relates to Azizani/Zinyoka housing project and housing emergency kits for which Mossel Bay municipality is the appointed developer.

22. RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2015

	Gross Balances	Provision for Debt	Net Balance
	R	Impairment	R
Service debtors	77 294 909	22 640 950	54 653 958
Electricity	33 725 389	2 443 268	31 282 121
Water	19 916 664	7 023 813	12 892 851
Refuse	6 748 271	2 859 295	3 888 975
Sewerage	16 904 585	10 314 574	6 590 012
Debtpack Collections	4 146 987	3 635 639	511 348
Land Sales	7 057	5 271	1 786
Housing Instalments	1 031 162	404 099	627 062
Housing rentals	329 667	103 291	226 376
Other	9 920 703	1 351 884	8 568 819
Total	92 730 485	28 141 135	64 589 350

As at 30 June 2014

Service debtors	66 853 591	18 512 969	48 340 622
Electricity	28 984 329	2 387 902	26 596 427
Water	18 274 653	6 106 832	12 167 821
Refuse	5 954 345	2 364 646	3 589 699
Sewerage	13 640 263	7 653 589	5 986 674
Debtpack Collections	2 635 334	2 628 201	7 133
Land Sales	6 400	5 011	1 389
Housing Instalments	1 041 325	156 408	884 916
Housing rentals	322 832	110 952	211 880
Other	6 541 323	917 897	5 623 426
Total	77 400 805	22 331 439	55 069 366

Electricity, Water, Refuse and Sewerage): Ageing

	2015	2014
	R	R
Current (0 -30 days)	48 110 807	42 369 245
31 - 60 Days	2 376 741	1 975 834
61 - 90 Days	2 028 834	1 747 641
91 - 120 Days	1 691 648	1 441 643
121- 365 Days	3 158 738	2 540 983
> 365 Days	19 928 140	16 778 245
Total	77 294 909	66 853 591

Service debtors receivables that are past due as at the end of 2014/15 but not impaired, for less than 30 days is R28 773 273 (2013/14 = R25 606 873) and for more than 30 days is R7 634 160 (2013/14 = R6 782 327).

Debtpack Collections

	2015	2014
	R	R
Current (0 -30 days)	1	-
31 - 60 Days	240	229
61 - 90 Days	2 118	-
91 - 120 Days	1 049	60
121- 365 Days	752 688	431 921
> 365 Days	3 390 891	2 203 123
Total	4 146 987	2 635 334

Debtpack collection receivables that are past due as at the end of 2013/14 but not impaired, for less than 30 days is 65cents (2013/14 = R0) and for more than 30 days is R511 348 (2013/14 = R7 133).

Housing Instalments

	2015	2014
	R	R
Current (0 -30 days)	14 065	10 405
31 - 60 Days	5 288	4 202
61 - 90 Days	18 427	2 468
91 - 120 Days	4 849	13 238
121- 365 Days	8 891	24 003
> 365 Days	979 643	987 007
Total	1 031 162	1 041 325

Housing instalments receivables that are past due as at the end of 2014/15 but not impaired, for less than 30 days is R14 065 (2013/14 = R10 405) and for more than 30 days is R612 998 (2013/14 = R874 511).

Housing rentals: Ageing

	2015	2014
	R	R
Current (0 -30 days)	6 160	5 686
31 - 60 Days	2 038	2 009
61 - 90 Days	1 900	1 761
91 - 120 Days	1 879	5 213
121- 365 Days	3 557	10 010
> 365 Days	314 133	298 153
Total	329 667	322 832

Housing rentals receivables that are past due as at the end of 2014/15 but not impaired, for less than 30 days is R5 444 (2013/14 = R4 635) and for more than 30 days is R220 931 (2013/14 = R207 246).

	2015	2014
	R	R
Other		
Current (0 -30 days)	8 207 413	5 182 832
31 - 60 Days	108 994	313 437
61 - 90 Days	56 255	123 207
91 - 120 Days	83 394	55 969
121- 365 Days	173 005	50 076
> 365 Days	1 291 643	815 804
Total	9 920 703	6 541 323

Other receivables that are past due as at the end of 2014/15 but not impaired, for less than 30 days is R633 595 (2013/14 = R796 814) and for more than 30 days is R361 407 (2013/14 = R440 594).

	2015	2014
	R	R
Land Sales		
Current (0 -30 days)	560	457
31 - 60 Days	155	59
61 - 90 Days	38	38
91 - 120 Days	38	38
121- 365 Days	76	72
> 365 Days	6 189	5 737
Total	7 057	6 400

Land sales receivables that are past due as at the end of 2014/15 but not impaired, for less than 30 days is R560 (2013/14 = R457) and for more than 30 days is R1 226 (2013/14 = R932).

	2015	2014
	R	R
Reconciliation of Provision for debt impairment of receivables		
Balance at beginning of year	22 331 439	18 882 133
Contribution to / (Reversal from) provision	15 878 913	10 557 985
Bad Debts written off / recovered	(10 069 217)	(7 108 679)
Balance at end of year	28 141 135	22 331 439

Summary of Receivables by Consumer Classification

	2015	2014
	R	R
Residential	52 286 515	45 528 685
Industrial / Commercial	30 535 198	23 161 729
National / Provincial government	1 446 590	1 416 340
Payments received in Advance	8 462 182	7 294 051
	92 730 485	77 400 805

Refer to Notes 45.3 for detail regarding the restatement of comparative information.

23. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2015	2014
	R	R
Other Receivables from Non-Exchange transactions:	46 811 174	29 239 203
Rates	11 888 833	11 724 185
Traffic Fines	30 549 877	13 800 102
Payments made in advance	2 337 719	2 037 168
Government subsidies	128 834	-
Other	1 905 910	1 677 747
Recoverable Expenditure	-	-
Less: Provision for debt impairment of other receivables	35 360 490	18 248 307
Rates	5 637 999	5 504 200
Traffic Fines	29 722 492	12 744 107
Total	11 450 684	10 990 896

Refer to Notes 42.4 for detail regarding the restatement of previous year balances.

Refer to Notes 45.3 for detail regarding the restatement of comparative information.

Fine revenue of all fines issued by the municipality itself, during the current year, amounted to R23 104 446. The total outstanding fines were impaired based on time value of money taking into account the historical trends of the collection period of fines. The impairment was adjusted to R29 722 492.

Sundry debtors are grouped together in financial assets with similar credit risk characteristics and collectively assessed for debt impairment. However the "Other Debtors" are individually assessed.

No provision for debt impairment is made for debtors other than Rates Debtors and Traffic Fines.

	2015	2014
	R	R
Rates: Ageing		
Current (0 -30 days)	4 735 078	4 833 430
31 - 60 Days	305 398	311 836
61 - 90 Days	250 339	282 897
91 - 120 Days	222 293	250 690
121- 365 Days	408 115	425 738
> 365 Days	5 967 610	5 619 596
Total	11 888 833	11 724 185

Rates receivables that are past due as at the end of 2014/15 but not impaired, for less than 30 days is R4 697 671 (2013/14 = R4 808 779) and for more than 30 days is R1 553 164 (2013/14 = R1 411 207).

	2015	2014
	R	R
Reconciliation of Provision for debt impairment of other receivables		
Balance at beginning of year	18 248 307	5 281 328
Contribution to / (Reversal from) provision	17 252 532	19 017 819
Bad Debts written off / recovered	(140 348)	(6 050 840)
Balance at end of year	35 360 490	18 248 307

	2015	2014
	R	R
Summary of Rates by Consumer Classification		
Residential	7 172 315	7 217 203
Industrial / Commercial	4 097 660	3 376 790
National / Provincial government	307 977	557 188
Payments received in Advance	310 881	573 005
	11 888 833	11 724 185

24. INVESTMENTS

	2015	2014
	R	R
Long-term Deposits : Other bodies	4 683 469	4 643 479
<u>Less:</u> Payment to other bodies	(4 683 469)	(4 643 479)
Short-term Investment deposits	290 097 408	230 654 452
<u>Less:</u> Current portion maturing within next 12 months - refer note 25	(290 097 408)	(230 654 452)
	-	-

No investments were written off during the year.

The average rate of return on Investments were 6.5% for the year ended 30 June 2015.

Investments are made in accordance with the municipality's Cash Management and Investment policy as follows:

- That the broad investment policy framework be applicable
- Investments not be placed with foreign banks
- Council's total investment portfolio be invested with banks rated as follows:
 - short-term investments (0 - 12 months) only institutions with a National credit rating of F1 and higher be used
 - long-term investments (more than 12 months) only institutions with a National credit rating of AA or higher be used
- Not more than 50% of the total investments invested with one institution

Long-term Deposits: Other bodies (Group Schemes)

These deposits are Group Scheme funds of employees that is paid over to the Municipality, who then invests these funds in the name of the employee in Money market funds. It therefor has no impact on the Municipality's Statement of Financial Position.

25. CASH AND CASH EQUIVALENTS

	2015	2014
	R	R
Assets		
Petty Cash	18 960	18 960
Bank balances	29 135 673	13 163 073
Short-term Investment deposits	290 097 408	230 654 452
Total cash and cash equivalents - Assets	319 252 041	243 836 485
Liabilities		
Bank overdraft (as per Cash book balance)	-	-
Total cash and cash equivalents - Liabilities	-	-

The municipality has the following bank accounts:

BANK ACCOUNT	Account Numbers	2015	2014
Primary Bank Account - STANDARD BANK CHECQUE ACCOUNT	82846979	26 816 158	10 436 132
Secondary Bank Account - STANDARD BANK DEPOSIT ACCOUNT	82846936	-	-
Traffic Bank Account - STANDARD BANK	300965338	(211)	(7)
		26 815 947	10 436 125

	2015 R	2014 R
Bank statement balance at beginning of year	10 436 125	2 151 210
Bank statement balance at end of year	26 815 947	10 436 125
Cash book balance at beginning of year	13 163 073	3 280 542
Cash book balance at end of year	29 135 673	13 163 073
Petty Cash / Float at beginning of year	18 960	18 960
Petty Cash / Float at end of year	18 960	18 960
INVESTMENTS: Current portion matures within next 12 months - Refer Note 24	290 097 408	230 654 452

All accounts are with STANDARD BANK. The balance of account no. 82846936 - deposit account and account no. 300965338 - Account for Traffic fines, is swept to the cheque account - Primary bank account no. 82846979

No cash and cash equivalents were pledged as security for liabilities.
No restrictions were placed on the use of cash and cash equivalents.

26. OPERATING LEASES

The Municipality as lessee

Operating leases relate to Buildings with lease terms of between one to ten years, with an option to extend for a further period. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

In respect of Non-cancellable Operating Leases the following liabilities have been recognised in the Statement of Financial Position:

	2015 R	2014 R
Balance at beginning of year	839 627	530 704
Movement for the year	213 396	308 923
Total Operating Lease Liabilities - as lessee	1 053 023	839 627

The following payments have been recognised as an expenditure in the Statement of Financial Performance:

	2015 R	2014 R
Lease payments	2 178 425	2 121 298
Total Operating Lease payments - as lessee	2 178 425	2 121 298

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases for buildings, which fall due as follows:

	2015 R	2014 R
Buildings		
Up to 1 year	1 793 439	1 537 119
1 to 5 years	6 002 612	5 528 376
More than 5 years	3 333 309	4 928 469
Total Operating Lease arrangements - as lessee	11 129 360	11 993 964

The Municipality as lessor

Operating leases relate to Investment Property owned by the Municipality with lease terms of between one to forty years. The lessee does not have an option to purchase the property at the expiry of the lease period.

In respect of Non-cancellable Operating Leases the following assets have been recognised in the Statement of Financial Position:

	2015 R	2014 R
Balance at beginning of year	172 649	121 018
Movement for the year	20 298	51 631
Total Operating Lease Assets - as lessor	192 947	172 649

The following receipts have been recognised as an income in the Statement of Financial Performance:

	2015 R	2014 R
Lease income	1 311 602	1 243 519
Total Operating Lease income - as lessor	1 311 602	1 243 519

At the reporting date the municipality had lease receipts receivable under non-cancellable operating leases for Investment Property, which fall due as follows:

	2015 R	2014 R
Investment Property		
Up to 1 year	1 306 869	1 268 601
1 to 5 years	1 288 323	2 104 710
More than 5 years	538 782	771 515
Total Operating Lease arrangements - as lessor	3 133 974	4 144 826

Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13.

27. PROPERTY RATES

	2015	2014
	R	R
Actual		
Residential	70 885 556	65 987 308
Commercial	17 247 253	16 022 969
Vleesbaai	435 469	379 339
Accommodation Establishments	1 455 673	1 639 902
State	372 719	343 618
Building Clause	13 528	13 052
Assessment Rate: Letting	1 340	1 340
Assessment Rate: State Building Kwa Nonqaba	12 821	15 588
Agricultural	990 203	939 167
Agricultural Business	575 495	528 750
Special Rated Area - CID	495 724	474 753
Less: Income forgone	(4 122 301)	(3 823 497)
Total assessment rates	88 363 481	82 522 290

	June 2015	June 2014
Valuations		
Residential	26 396 419 170	26 152 501 470
Commercial	3 243 462 100	3 230 935 200
State	563 539 800	562 296 500
Municipal	632 041 000	606 314 500
Parsonage	85 660 100	88 660 100
Building Clause	4 926 940	5 161 940
Accommodation Establishments	474 977 500	473 058 000
Agricultural Business	155 057 000	151 410 000
Vleesbaai	524 041 000	498 836 700
Public Services Infrastructure - Private	5 618 600	5 610 100
Public Open Space - Private	6 763 600	6 618 600
Protected Area	4 220 000	3 580 000
Assessment Rate: State Building Kwa Nonqaba	19 807 400	19 900 400
Churches	164 267 900	160 817 900
Agricultural	1 467 881 000	1 460 969 000
Total property valuations	33 748 683 110	33 426 670 410

The valuation of land takes place every four years in terms of the determinations of the Municipal Property Rates Act, No.6 of 2004. The basic rate for land and buildings ranged between R0,000675 and R0,005398 respectively. Qualifying pensioners received an additional rebate of either 50% or 30% on property tax. With regard to needy families, where the joint income of husband and wife amounted to less than R5 000 a rebate was allowed with regard to water, refuse and sewerage. Regarding the housing schemes, it is noted that income for rates was not based on valuation as the values are less than R50 000. The first R50 000 of residential properties are not levied, R15 000 are impermissible rates and a rebate are given on R35 000.

28. SERVICE CHARGES

	2015	2014
	R	R
Sale of electricity	301 652 313	272 387 024
Sale of water	88 406 327	81 102 640
Refuse removal	36 071 877	32 848 826
Sewerage & sanitation charges	47 983 462	43 583 202
Total service charges	474 113 979	429 921 691

The service charges revenue are in respect of services rendered to consumers and billed in terms of Council's approved tariffs. These service charges revenue are the net amounts after taking into account revenue foregone.

29. GOVERNMENT GRANTS AND SUBSIDIES

	2015	2014
	R	R
Unconditional grants		
Equitable share	54 705 000	47 196 000
	54 705 000	47 196 000
Conditional grants		
National Government Grants	71 744 665	76 310 747
Provincial Government Grants	36 660 329	29 530 339
District Municipality	32 027 295	45 479 329
Main Road Subsidy - Provincial	2 194 640	462 035
Other Grants	-	35 000
	862 402	804 045
Total Government Grants & Subsidies	126 449 665	123 506 747

Annual Financial Statements for the year ended 30 June 2015

	2015 R	2014 R
29.1 Summary of Government Grants & Subsidies		
Capital Government Grants & Subsidies	45 645 883	34 294 830
Operating Government Grants & Subsidies	80 803 782	89 211 917
Total	126 449 665	123 506 747
29.2 Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	54 705 000	47 196 000
Adjustments	-	-
Conditions met - transferred to revenue	(54 705 000)	(47 196 000)
Conditions still to be met - transferred to liabilities (see note 13)	-	-
29.3 National Government Grants		
Balance unspent at beginning of year	30 989	108 060
Current year receipts	43 364 000	29 453 267
Adjustments	-	-
Conditions met - transferred to revenue	(36 660 329)	(29 530 339)
Conditions still to be met - transferred to liabilities (see note 13)	6 734 661	30 989
Mossel Bay Municipality received various grants from National Government for operational and capital projects, such as the Municipal Infrastructure Grant. National Grants also include Finance Management Grant, EPWP, Disaster Recovery, EEDSM and MSIG funding. Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.		
29.4 Provincial Government Grants		
Balance unspent at beginning of year	10 638 128	6 264 559
Current year receipts	48 481 825	49 852 898
Adjustments	-	-
Conditions met - transferred to revenue	(32 027 295)	(45 479 329)
Conditions still to be met - transferred to liabilities (see note 13)	27 092 658	10 638 128
Mossel Bay Municipality received various grants from Provincial Government for operational and capital projects, such as Human Settlements grant, Library services, Thusong Centre Grant, Greenest Town and the CDW grant. Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.		
29.5 District Municipality		
Balance unspent at beginning of year	-	-
Current year receipts	2 065 806	462 035
Adjustments	128 834	-
Conditions met - transferred to revenue	(2 194 640)	(462 035)
Conditions still to be met - transferred to liabilities (see note 13)	-	-
Mossel Bay Municipality received grants from Eden District Municipality for operational and capital disaster recovery projects. Other than the amounts unspent, the conditions of the grants have been met. The amount disclosed under "Adjustments" above is for a debtor created at year-end for outstanding funds.		
Refer to Notes 42.5 for detail regarding the restatement of previous year balances.		
Refer to Notes 45.1 for detail regarding the restatement of comparative information.		
29.6 Main Roads Subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	-	35 000
Conditions met - transferred to revenue	-	(35 000)
Conditions still to be met - transferred to liabilities (see note 13)	-	-
29.7 Other Grants		
Balance unspent at beginning of year	-	-
Current year receipts	-	236 318
Adjustments	862 402	567 727
Conditions met - transferred to revenue	(862 402)	(804 045)
Conditions still to be met - transferred to liabilities (see note 13)	-	-
The Municipality received funds for training from LGSETA. Other than the amounts unspent, the conditions of the grants have been met. The amount disclosed under "Adjustments" above is for an increase in the debtor created for outstanding funds. This debtor amounts to R1 062 442 as at 30 June 2015 for LGSETA.		
29.8 Government Grants and Subsidies - SPENT PER VOTE		
Municipal Manager	-	-
Corporate Services	1 010 989	891 967
Financial Services	5 941 073	2 549 249
Technical Services	15 264 722	3 702 317
Community Services	4 269 172	9 321 983
Electricity Services	6 159 457	5 060 543
Development & Planning	39 099 251	54 784 687
Total Spent	71 744 665	76 310 747

30. OTHER INCOME	2015	2014
	R	R
Building Plan Fees	3 868 551	3 655 796
Availability Fees (Services)	16 755 103	16 433 742
Land Usage Fees	887 981	620 138
Contributions from External Services	6 215 558	1 741 921
Contributions from Land Sales	870 713	95 369
Insurance Claims	648 700	772 096
Extension Costs - Waterworks	204 257	232 800
Sale of Redundant Inventory	151 431	286 872
Tampering with Installations	386 618	894 169
Harvesting of Plantation	1 704 149	-
Unclaimed Retention Money	1 281 542	83 337
Cemetery Fee - Burials	287 466	322 887
Pound Fees	98 070	264 547
Collection costs recovered	4 084 717	3 072 495
Other	2 425 612	3 089 647
Total other income	39 870 468	31 565 814
31. PUBLIC CONTRIBUTIONS, DONATED AND CONTRIBUTED PPE	2015	2014
	R	R
Public Contributions	601 530	10 967 352
Donated and Contributed PPE	1 617 130	7 097 249
Connection Fees	1 977 769	1 422 461
Other	-	-
Total public contributions	4 196 430	19 487 061
31.1 Summary of Public contributions	2015	2014
	R	R
Capital Public contributions, Donated and contributed PPE	1 630 221	11 041 153
Operating Public contributions	2 566 209	8 445 908
Total	4 196 430	19 487 061
31.2 Developers Contributions	2015	2014
	R	R
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Adjustments	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 13)	-	-
	2015	2014
	R	R
31.3 Public Contributions	2015	2014
	R	R
Balance unspent at beginning of year	204 318	1 253 353
Current year receipts	499 088	9 918 316
Adjustments	-	-
Conditions met - transferred to revenue	(601 530)	(10 967 352)
Conditions still to be met - transferred to liabilities (see note 13)	101 875	204 318
Mossel Bay Municipality received various public contributions for operational and capital projects, such as the Diaz Festival, Youth Day and the Mayor's Relief Charitable Fund.		
31.4 Donated and Contributed Property, Plant and Equipment	2015	2014
	R	R
Balance unspent at beginning of year	-	-
Current year receipts	1 617 130	7 097 249
Adjustments	-	-
Conditions met - transferred to revenue	(1 617 130)	(7 097 249)
Conditions still to be met - transferred to liabilities (see note 13)	-	-
Mossel Bay Municipality received donated ICT computer equipment and water infrastructure assets.		
31.5 Public contributions, Donated and Contributed PPE - PER VOTE	2015	2014
	R	R
Municipal Manager	168 792	4 036 863
Corporate Services	234 648	225 205
Financial Services	-	-
Technical Services	-	6 539 457
Community Services	1 617 130	146 365
Electricity Services	-	-
Development & Planning	13 090	7 116 711
Total Spent	2 033 661	18 064 601

Refer to Notes 45.1 for detail regarding the restatement of comparative information.

32. EMPLOYEE RELATED COSTS

	2015	2014
	R	R
Employee-related costs - Salaries, Wages & Bonuses	132 826 433	122 462 838
Employee-related costs - Contributions for UIF, pensions & medical aids	31 753 464	29 462 279
Contributions to Post Retirement Benefits Provision	10 326 000	18 542 714
Contributions to Long Service Bonus Provision	2 182 000	1 443 987
Contributions to Leave Gratuity Provision	1 968 921	789 278
Travel, motor car, accommodation, subsistence & other allowances	12 074 333	11 922 734
Housing benefits & allowances	832 521	784 917
Overtime payments	9 594 910	8 903 925
Executive packages	7 972 132	7 552 017
Less: Employee costs capitalised	(472 050)	(518 685)
Total employee-related costs	209 058 666	201 346 005

REMUNERATION OF KEY MANAGEMENT PERSONNEL:

	2015	2014
	R	R
Remuneration of the Municipal Manager		
Annual remuneration	1 254 765	1 167 774
Performance bonuses	134 487	125 986
Car allowance	132 000	132 000
Contributions to UIF, Medical & Pension Funds	227 642	211 984
Group Insurance	-	-
Industrial Council	81	76
Total	1 748 976	1 637 820

	2015	2014
	R	R
Remuneration of the Chief Financial Officer		
Annual remuneration	822 443	1 011 372
Performance bonuses	69 582	106 316
Car allowance	79 500	48 000
Contributions to UIF, Medical & Pension Funds	149 843	209 446
Group Insurance	2 700	6 894
Industrial Council	81	76
Total	1 124 149	1 382 104

	Technical + Electricity Services	Dev planning & Housing	Corporate Services	Community Services
	R	R	R	R
Remuneration of individual executive 30 June 2015				
Annual remuneration	1 023 998	848 220	816 016	856 508
Performance bonuses	110 306	97 496	91 008	97 710
Acting allowance	12 824	-	-	-
Car allowance	102 000	108 000	120 000	108 000
Contributions to UIF, Medical & Pension Funds	191 639	205 349	151 103	153 042
Group Insurance	6 480	-	5 328	6 480
Industrial Council	81	81	81	81
Total	1 447 327	1 259 146	1 183 536	1 221 822

	Technical + Electricity Services	Dev planning & Housing	Corporate Services	Community Services
	R	R	R	R
Remuneration of individual executive 30 June 2014				
Annual remuneration	951 871	595 111	755 817	819 506
Performance bonuses	103 333	68 500	85 255	91 534
Acting allowance	10 961	-	-	-
Car allowance	102 000	81 000	120 000	108 000
Contributions to UIF, Medical & Pension Funds	179 160	145 831	141 501	163 930
Group Insurance	6 894	-	5 669	6 894
Industrial Council	76	57	76	76
Total	1 354 297	890 500	1 108 318	1 189 940

33. REMUNERATION OF COUNCILLORS

	2015	2014
	R	R
Executive Mayor	669 075	632 385
Executive Deputy Mayor	539 434	510 082
Speaker	595 664	563 129
Mayoral Committee members	2 599 694	2 456 642
Councillors	4 338 201	4 108 003
Councillors' pension contributions	390 044	358 254
Councillors' medical contributions	61 855	53 280
Total Councillors' remuneration	9 193 967	8 681 774

In kind benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Mayoral Committee members are employed on a full-time basis. Each is provided with an office and administrative secretarial support at Councils cost. The Executive and Deputy Mayor have access to Council-owned vehicles for ceremonial and official functions. Full-time Councillors are equipped with computers in their offices or at their homes. Ward Committee members are equipped with cell phones for communication purposes.

Certification by Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

34. DEBT IMPAIRMENT COSTS

	2015 R	2014 R
Contribution to Provision for Debt Impairment:	33 499 717	29 929 681
- Rates	274 147	313 712
- Electricity	177 136	175 770
- Water	4 442 621	3 449 128
- Refuse	2 077 042	1 455 134
- Sewerage	6 434 889	4 579 791
- Traffic fines	16 978 385	12 744 107
- Collection fees	1 899 452	1 044 043
- Housing Installments	247 691	-
- Housing rentals	-	22 553
- Land sales	260	12
- Sundry Debtors	606 512	185 430
- Long-term receivables	361 582	-
- Other receivables	-	5 960 000
Total debt impairment costs	33 499 717	29 929 681

Refer to Notes 42.4 for detail regarding the restatement of previous year balances.

35. DEPRECIATION AND AMORTISATION EXPENSE

	2015 R	2014 R
<u>Depreciation:</u>		
Property, Plant and Equipment	58 384 363	55 944 809
<u>Amortisation:</u>		
Intangible Assets	25 522	19 429
Total Depreciation and Amortisation costs	58 409 885	55 964 238

Refer to Notes 42.2 for detail regarding the restatement of previous year balances.

36. FINANCE COSTS

	2015 R	2014 R
Finance Leases	345 335	245 830
Other Long-term Liabilities	2 393 927	2 390 124
Current Deposit / Grants	36 953	42 854
Total interest	2 776 215	2 678 808

37. BULK PURCHASES

	2015 R	2014 R
Electricity	208 463 286	187 468 188
Water	8 975 355	8 316 154
Total bulk purchases	217 438 641	195 784 341

Bulk purchases are the cost of commodities not generated by the municipality, but which the municipality distributes to consumers. The municipality purchases electricity in bulk from Eskom and then redistributes it to consumers. The municipality has some of its own water sources, but also purchases water in bulk from the Department of Water Affairs and Forestry.

38. CONTRACTED SERVICES

	2015 R	2014 R
Account Print	354 775	400 946
AMR System	343 855	281 514
Beautification of CBD	-	10 943
Cash Transit	232 922	233 953
CID	436 066	441 627
Cleansing Services	5 384 611	5 757 842
Cut of Grass	4 037 711	4 300 352
Gardening Services	52 476	18 444
Info System Maintenance	538 491	490 330
Internal Auditors	1 341 470	1 284 276
Life Saving	1 181 760	1 061 965
Meter Readings	1 199 604	1 146 549
Prepaid System	7 365 201	7 681 711
Refuse Recycling	207 294	87 845
Refuse Removal	4 443 325	3 808 001
Reverse Osmosis Plant	692 189	712 440
Sanitation Services	2 266 944	1 056 578
Security Services	3 419 683	4 388 809
Transport Co.	341 658	308 048
Additional Valuations	163 792	166 795
Washing Linen	59 460	51 278
Concessionary Fees- Indigent	248 617	208 475
Desalination plant	4 438 798	4 154 647
Total Contracted services	38 750 701	38 053 369

Refer to Notes 42.1 for detail regarding the restatement of previous year balances.

39. GRANTS AND SUBSIDIES PAID

	2015	2014
	R	R
Subsidy: Benefit Discount Scheme	252 819	256 781
SPCA	674 100	630 000
Other Donations	201 973	118 000
Total grants & subsidies	1 128 893	1 004 781

Other Donations:

During 2014/15 Other Donations were made to the amount of R201 973.48, whereas an amount of R118 000 was donated during 2013/14. Of the R201 973.48 Other Donations, R25 000 was donated to the Piet Julies Action Group, R33 400 to Heart to Heart care centre, R25 000 to Genesis community projects, R25 000 to Association for people with disabilities, R33 500 to ACVV Kenani Dienssentrum, R25 000 to Peace Care Centre and R35 073.48 to the Mossel Bay Care Centre.

40. GENERAL EXPENSES

	2015	2014
	R	R
Audit Fees - External Auditors	3 788 053	3 749 383
Bank Charges	2 273 660	2 028 467
Conferences & Seminars	35 373	37 526
Consultant Fees	1 868 797	1 608 415
Contract Work	5 570 338	5 681 516
Contributions to Alien Vegetation Provision	122 871	-
Desalination Plant	55 652	6 449 457
Energy Efficiency Projects	2 736 753	-
Entertainment - Public	32 722	62 647
Fuel & Oil	6 603 960	6 821 442
Hire Charges	198 617	110 448
Housing: Top Structures	28 967 810	8 278 086
Industrial & Tourism - Sect. 21 Co	2 090 153	1 990 622
Insurance	1 593 081	2 065 487
Inventory Items	183 034	108 832
Lease Charges	2 489 849	2 735 544
Legal Costs	808 857	831 584
Levy - Bargaining Council	68 722	63 951
Levy - Skills Development (SETA)	1 733 653	1 598 413
Levy - Water : DWAF	294 664	278 731
Levy-Water Catchmt Man:DWAF	686 020	763 877
Licence Fees	387 553	359 394
Materials and Stores	10 493 971	8 553 601
Public Functions	466 314	571 587
Refuse Tip Site - External	2 649 154	2 505 807
Relief / Charitable Expenses	168 792	159 670
Telephones and Communications	1 292 297	1 152 012
Travelling & Subsistence	571 877	469 370
Water Rural Areas	59 179	99 852
Advertising	1 211 933	1 126 384
Postage, Rev Stamps & PO Box	1 554 088	1 364 372
Bush & Weed Clearing	674 799	654 495
Pest Control	233 996	229 937
Printing & Stationary	1 222 645	1 277 831
Refuse Bags	1 411 180	1 219 594
Subscriptions	2 226 178	2 015 109
Other	7 233 321	6 926 550
Less:	(2 401 286)	(2 039 981)
Stores handling charges	-	-
Vehicle and Equipment Recoveries	(29 331)	(46 419)
Departmental Costs	-	-
Recoverable Expenditure	(2 371 954)	(1 993 563)
	91 658 629	71 910 011

Mossel Bay Municipality has an agreement with PetroSA for the funding and construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility. In accordance with this agreement, Mossel Bay Municipality will invoice PetroSA for its share of the reconciled, agreed amounts due and payable.

Refer to Notes 42.5 for detail regarding the restatement of previous year balances.

41. FAIR VALUE ADJUSTMENTS

	2015	2014
	R	R
Investment property:		
- Fair Value adjusted downwards	12 077 007	19 659 971
- Fair Value adjusted upwards	(6 140 394)	(9 812 873)
Biological assets:		
- Fair Value adjusted downwards	-	-
- Fair Value adjusted upwards	-	(128 514)
Total Fair Value adjustments	5 936 613	9 718 584

Refer to Notes 42.3 for detail regarding the restatement of previous year balances.

Refer to Notes 45.2 for detail regarding the restatement of comparative information.

42. PRIOR YEAR ADJUSTMENTS

42.1 Payables from exchange transactions (Refer Note 12) & Contracted services (Refer Note 39)

Account for invoice relating to contracted services by Itron received after year-end with an invoice date before year-end. Adjustment to unallocated traffic fines not accounted for at year-end due to use of offence date and not invoice date.

Changes to Notes to Annual Financial Statements:

Payables from exchange transactions (Note 12):

Balance at 30 June 2014 on 2013/14 Financial Statements	89 650 206
Increase in "Other payables" due to "Traffic Fines:Unallocated" not accounted for at year-end per invoice date - Opening Balance	301 371
Increase in "Trade payables" due to late Itron invoice - 2013/14	1 104 053
Restated balance of Payables from exchange transactions as at 30 June 2014	<u>91 055 631</u>

Contracted services (Note 38):

Balance at 30 June 2014 on 2013/14 Financial Statements	36 949 315
Increase in "Contracted Services - Prepaid System" due to late Itron invoice - 2013/14	1 104 053
Restated balance of Contracted services as at 30 June 2014	<u>38 053 369</u>

Payables from exchange transactions and Contracted services are adjusted accordingly.

42.2 Property, Plant & Equipment (Refer Note 15) & Depreciation (Refer Note 35)

During the year emphasis was placed on ensuring the completeness of land and buildings. Changes in cost and accumulated depreciation are based on the outcomes of the projects undertaken. It included the unbundling of building and site assets, the inclusion of vesting properties and other sub-divisions of land.

Changes to Notes to Annual Financial Statements:

Property, Plant & Equipment (Note 15):

Balance at 30 June 2014 on 2013/14 Financial Statements	1633 605 498
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Adjustments to "Cost":

Correction due to sub-divisions of municipal land - Opening Balance	(11 375 729)
Correction on vesting properties recognised for the first time - Opening Balance	4 638 800
First time recognition of Buis plaas infrastructure - Opening Balance	2 814 271
First time recognition of Buis plaas infrastructure - 2013/14	34 801
Unbundling of other immovable assets - Opening Balance	36 566 426
Unbundling of other immovable assets - 2013/14	(8 684 408)
Unbundling of building and site assets - Opening Balance	55 900 184
Unbundling of building and site assets - 2013/14	8 365 225

Adjustments for Change in Accounting Policy relating to Non-current Assets Held for sale (Refer to Note 43.1):

Reclassification of Non-current assets held for	156 500
Reclassification of Non-current assets held for	111 489

Adjustments to "Under Construction":

First time recognition of Buis plaas infrastructure - 2013/14	(34 801)
Unbundling of other immovable assets - Opening Balance	(36 573 905)
Unbundling of other immovable assets - 2013/14	8 662 790
Unbundling of building and site assets - Opening Balance	(1 885 465)
Unbundling of building and site assets - 2013/14	(8 365 225)

Adjustments to "Accumulated Depreciation":

First time recognition of Buis plaas infrastructure - Opening Balance	(429 855)
First time recognition of Buis plaas infrastructure - 2013/14	(72 244)
Unbundling of other immovable assets - Opening Balance	(139 613)
Unbundling of other immovable assets - 2013/14	(416 219)
Unbundling of building and site assets - Opening Balance	8 420 446
Unbundling of building and site assets - 2013/14	(3 194 275)

Restated balance of PPE - Cost as at 30 June 2014	<u>1688 104 690</u>
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Depreciation (Note 35):

Balance at 30 June 2014 on 2013/14 Financial Statements	52 262 071
First time recognition of Buis plaas infrastructure - 2013/14	72 244
Unbundling of other immovable assets - 2013/14	416 219
Unbundling of building and site assets - 2013/14	3 194 275
Restated balance of Depreciation as at 30 June 2014	<u>55 944 809</u>

Changes directly to statement of financial performance:

Repairs and maintenance (Financial Performance - Expenditure):

Balance at 30 June 2014 on 2013/14 Financial Statements	36 184 121
Unbundling of other immovable assets - 2013/14	18 259
Restated balance of Repairs and maintenance as at 30 June 2014	<u>36 202 380</u>

Loss on de-recognition of Property, Plant & Equipment (Financial Performance - Expenditure):

Balance at 30 June 2014 on 2013/14 Financial Statements	837 722
Unbundling of other immovable assets - 2013/14	3 359
Restated balance of Loss on de-recognition of Property, Plant & Equipment as at 30 June 2014	<u>841 081</u>

Cost and Accumulated Depreciation on Property, plant and equipment are adjusted accordingly.
Depreciation, Repairs and maintenance and Loss on de-recognition of Property, Plant & Equipment are adjusted accordingly.

42.3 Investment Property (Refer Note 18) & Fair Value adjustment (Refer Note 41)

During the year emphasis was placed on ensuring the completeness of land and buildings. Changes in cost and accumulated depreciation are based on the outcomes of the projects undertaken. It included the unbundling of building and site assets, the inclusion of vesting properties and other sub-divisions of land.

Changes to Notes to Annual Financial Statements:

Investment Properties (Note 18):

Balance at 30 June 2014 on 2013/14 Financial Statements

2014

R

345 665 447

Adjustments to "Cost":

Correction due to sub-divisions of municipal land - Opening Balance

(8 471 542)

Correction due to sub-divisions of municipal land - 2013/14

(1 126 500)

Correction on vesting properties recognised for the first time - Opening Balance

53 054 500

Unbundling of building and site assets - Opening Balance

(57 295 940)

Unbundling of building and site assets - 2013/14

(9 457 229)

Adjustments for Change in Accounting Policy relating to Non-current Assets Held for sale (Refer to Note 43.1):

Reclassification of Non-current assets held for sale - Opening Balance

6 103 140

Reclassification of Non-current assets held for sale - 2013/14

8 695 728

Restated balance of Investment Properties as at 30 June 2014

337 167 605

Fair Value Adjustment (Note 41)

Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance - Revenue from Exchange Transactions):

R

Balance at 30 June 2014 on 2013/14 Financial Statements

-

Correction due to sub-divisions of municipal land - 2013/14

(2 450 000)

Unbundling of building and site assets - 2013/14

(10 752 853)

Adjustments for Restatement of comparative information (Refer to note 46.1)

Split between Revenue and Expenditure - 2013/14

23 144 240

Restated balance of Impairment / Fair Value adjustment of Investment Property and Biological assets as at 30 June 2014

9 941 387

Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance - Expenditure):

Balance at 30 June 2014 on 2013/14 Financial Statements

-

Correction due to sub-divisions of municipal land - 2013/14

(1 323 500)

Unbundling of building and site assets - 2013/14

(1 295 624)

Adjustments for Restatement of comparative information (Refer to note 45.1)

Split between Revenue and Expenditure - 2013/14

22 279 095

Restated balance of Impairment / Fair Value adjustment of Investment Property and Biological assets as at 30 June 2014

19 659 971

Cost and fair value adjustment on investment property are adjusted accordingly.

42.4 Other Receivables from Non-exchange Transactions (Refer Note 23) & Debt Impairment Costs (Refer Note 34)

During the year the municipality found that traffic fines were accounted for on the offence date instead of the transaction date. This related to corrections on "Other Receivables from Non-Exchange transactions - Traffic Fines (Note 23)", "Other non-exchange revenue - Fines (Statement of Financial Performance)", "Other Receivables from Non-Exchange transactions - Provision for debt impairment of other receivables - Traffic Fines (Note 23)" and "Debt Impairment Costs (Note 34)"

Changes to Notes to Annual Financial Statements:

Other Receivables from Non-exchange Transactions (Note 23)

Balance at 30 June 2014 on 2013/14 Financial Statements (Including Provision for debt impairment of other receivables)

15 322 793

Correction on Traffic fines relating to changes from accounting on offence date to transaction date - 2013/14

701 507

Correction on debt impairment relating to changes from accounting on offence date to transaction date - 2013/14

(647 385)

Adjustments for Restatement of comparative information (Refer to note 45.3) - 2013/14

(4 386 018)

Restated balance of Other Receivables from Non-exchange Transactions as at 30 June 2014

10 990 896

Debt Impairment Costs (Note 34)

Balance at 30 June 2014 on 2013/14 Financial Statements

R

29 282 296

Correction on debt impairment relating to changes from accounting on offence date to transaction date - 2013/14

647 385

Restated balance of Debt Impairment Costs as at 30 June 2014

29 929 681

Changes directly to statement of financial performance:

Fines (Financial Performance - Revenue from Non-exchange Transactions):

Balance at 30 June 2014 on 2013/14 Financial Statements

2014

R

16 440 921

Correction on Traffic fines relating to changes from accounting on offence date to transaction date - 2013/14

701 507

Restated balance of Fines income as at 30 June 2014

17 142 428

Other Receivables from Non-exchange transactions, Debt Impairment Costs and Fines are adjusted accordingly.

42.5 Government Grants and Subsidies (Refer Note 29) & General Expenses (Refer Note 40)

Derecognition of Agency expenditure and revenue on housing topstructure projects.

Changes to Notes to Annual Financial Statements:

Government Grants and Subsidies (Note 29)

Balance at 30 June 2014 on 2013/14 Financial Statements

Derecognition of Agency revenue on housing topstructure projects - 2013/14

Adjustments for Restatement of comparative information (Refer to note 45.1) - 2013/14

Restated balance of Government Grants and Subsidies as at 30 June 2014

2014

R

142 980 452

(19 935 740)

462 035

123 506 747

General Expenses (Note 40)

Balance at 30 June 2014 on 2013/14 Financial Statements

Derecognition of Agency expenditure on housing topstructure projects - 2013/14

Restated balance of General Expenses as at 30 June 2014

R

91 845 751

(19 935 740)

71 910 011

Government Grants and Subsidies and General Expenses are adjusted accordingly.

42.6 SUMMARY OF CHANGES TO STATEMENT OF FINANCIAL POSITION:

During the year various previous year adjustments were made to the Statement of Financial Position.

The following is a summary of all the movements in the previous year's balances:

Changes to Net assets and Liabilities:

Balance as at 30 June 2014 (as stated in the 2013/14 Annual Financial Statements):

2014

R

2357 637 408

Net assets:

Accumulated surplus / (deficit)

29 583 190

29 583 190

Non-Current Liabilities:

None

-

-

Current Liabilities:

Payables from exchange transactions (Refer to note 42.1)

1 405 425

1 405 425

Restated balance of Net assets and Liabilities as at 30 June 2014

2388 626 023

Changes to Assets:

Balance as at 30 June 2014 (as stated in the 2013/14 Annual Financial Statements):

2357 637 408

Non-current Assets:

Property, Plant & Equipment (Refer to note 42.2 & 43.1)

Investment Property (Refer to note 42.3 & 43.1)

46 001 349

54 499 192

(8 497 843)

Current Assets:

Other Receivables from Non-exchange Transactions (Refer to note 42.4)

Assets classified as held for sale (Refer to note 43.1)

(15 012 735)

54 122

(15 066 857)

Restated balance of Assets as at 30 June 2014

2388 626 023

42.7 SUMMARY OF CHANGES TO STATEMENT OF FINANCIAL PERFORMANCE:

During the year various previous year adjustments were made to the Statement of Financial

Performance. The following is a summary of all the movements in the previous year's balances:

Surplus for the year (as stated in 2013/14 Annual Financial Statements):

2014

R

166 252 843

Revenue adjustments:

Fines (Refer to note 42.4)

Government Grants and Subsidies (Refer to note 42.5)

Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance - Revenue from

Exchange Transactions) (Refer to note 42.3)

(32 437 085)

701 507

(19 935 740)

(13 202 853)

Expenditure adjustments:

Debt Impairment Costs (Refer note 42.4)

Depreciation (Refer note 42.2)

Contracted services (Refer note 42.1)

Repairs and maintenance (Refer note 42.2)

General Expenses (Refer note 42.5)

Loss on de-recognition of Property, Plant & Equipment (Refer note 42.2)

Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance - Expenditure)

(Refer note 42.3)

(17 099 069)

647 385

3 682 738

1 104 053

18 259

(19 935 740)

3 359

(2 619 124)

Restated Surplus for the year as at 30 June 2014

150 914 827

42.8 SUMMARY OF CHANGES TO STATEMENT OF CHANGES IN NET ASSETS:

During the year various previous year adjustments were made to the Statement of Changes in Net Assets. The following is a summary of all the movements in the previous year's balances for the Accumulated Surplus, Capital Replacement Reserve and the Housing Development Fund:

Changes to Accumulated Surplus:

Balance as at 30 June 2014 (as stated in the 2013/14 Annual Financial Statements):

2014
R
1975 742 027

Payables from exchange transactions (Refer to note 42.1)

(1 405 425)

Property, Plant & Equipment (Refer to note 42.2)

54 499 192

Investment Property (Refer to note 42.3)

(8 497 843)

Other Receivables from Non-exchange Transactions (Refer to note 42.4)

54 122

Assets classified as held for sale (Refer to note 43.1)

(15 066 857)

Restated balance of Accumulated Surplus as at 30 June 2014

2005 325 217

Changes to Capital Replacement Reserve:

Balance as at 30 June 2014 (as stated in the 2013/14 Annual Financial Statements):

65 233 610

None

-

Restated balance of Capital Replacement Reserve as at 30 June 2014

65 233 610

Changes to Housing Development Fund:

Balance as at 30 June 2014 (as stated in the 2013/14 Annual Financial Statements):

722 426

None

-

Restated balance of Housing Development Fund as at 30 June 2014

722 426

43. CHANGE IN ACCOUNTING POLICY

43.1 Property, plant & equipment (Note 15), Investment Property (Note 18) and Assets classified as held for sale

Changes to GRAP 100 was incorporated into the annual financial statements. Assets held for sale is no longer a separate line item on the statement of financial position. Paragraph 16 of GRAP 100 states: "An entity shall apply the amendments as follows:

(a) Changes to the way in which non-current assets held for sale are measured, shall be applied prospectively at the beginning of the period in which these amendments are adopted.

(b) Changes to the way in which non-current assets held for sale are classified and presented on the statement of financial position and accompanying notes, shall be applied retrospectively by adjusting information for the earliest period presented."

Changes to statement of financial position:

Property, plant and equipment (Financial Position - Non-current assets):

Balance at 30 June 2014 on 2013/14 Financial Statements

1633 605 498

Reclassification from Assets classified as held for sale - Opening Balance

156 500

Reclassification from Assets classified as held for sale - 2013/14

111 489

Adjustments relating to correction of errors (Refer to note 42.2)

54 231 203

Restated balance of Property, plant and equipment as at 30 June 2014

1688 104 690

Investment Property (Financial Position - Non-current assets):

Balance at 30 June 2014 on 2013/14 Financial Statements

345 665 447

Reclassification from Assets classified as held for sale - Opening Balance

6 103 140

Reclassification from Assets classified as held for sale - 2013/14

8 695 728

Adjustments relating to correction of errors (Refer to note 42.3)

(23 296 711)

Restated balance of Investment Property as at 30 June 2014

337 167 605

Assets classified as held for sale (Financial Position - Current assets):

Balance at 30 June 2014 on 2013/14 Financial Statements

15 066 857

Reclassification to PPE and Investment Property - Opening Balance

(6 259 640)

Reclassification to PPE and Investment Property - 2013/14

(8 807 217)

Restated balance of Assets classified as held for sale as at 30 June 2014

-

Property, plant & equipment (Note 15), Investment Property (Note 18) and Assets classified as held for sale are adjusted accordingly.

44. CHANGE IN ACCOUNTING ESTIMATES

44.1 Changes in Useful lives (Refer Note 15 - PPE & Note 17 - Intangible assets)

The municipality has reassessed the useful lives and residual values of property, plant and equipment which resulted in changes in depreciation and amortisation charges. The effect of the change in accounting estimate has resulted in the following movements for the current and future periods on the affected capital assets:

	2015	2016	2017	2018
	R	R	R	R
<u>Movement in depreciation and amortisation:</u>				
Before change in estimate	838 635	745 239	93 057	87 017
After change in estimate	1 541 053	1 539 404	1 340 412	981 624
Net effect	-702 418	-794 165	-1 247 355	-894 606

45. RESTATEMENT OF COMPARATIVE INFORMATION

45.1 Government Grants and subsidies (Note 29) & Public Contributions, Donated and Contributed PPE (Note 31)

Incentive from grant funding was previously disclosed separately from government grants and subsidies. It is now included under each individual grant source type. All transactions relating to the District Municipality was moved to Government Grants and subsidies.

Changes to Notes to Annual Financial Statements:

Government Grants and subsidies - "National Government Grants" (Note 29)

Balance at 30 June 2014 on 2013/14 Financial Statements	2014 R
Move from "Incentive from grant funding"	25 968 820
Restated balance of Government Grants and subsidies - "National Government Grants" as at 30 June 2014	3 561 519
	<u>29 530 339</u>

Government Grants and subsidies - "District Municipality" (Note 29)

Balance at 30 June 2014 on 2013/14 Financial Statements	-
Move from Public Contributions, Donated and Contributed PPE - "District Municipality" (Note 31)	462 035
Restated balance of Government Grants and subsidies - "District Municipality" as at 30 June 2014	<u>462 035</u>

Government Grants and subsidies - "Provincial Government Grants" (Note 29)

Balance at 30 June 2014 on 2013/14 Financial Statements	57 550 368
Move from "Incentive from grant funding"	7 864 700
Adjustments relating to correction of errors (Refer to note 42.5)	(19 935 740)
Restated balance of Government Grants and subsidies - "Provincial Government Grants" as at 30 June 2014	<u>45 479 329</u>

Government Grants and subsidies - "Incentive from grant funding" (Note 29)

Balance at 30 June 2014 on 2013/14 Financial Statements	11 426 219
Move to each individual grant	(11 426 219)
Restated balance of Government Grants and subsidies - "Incentive from grant funding" as at 30 June 2014	<u>-</u>

Public Contributions, Donated and Contributed PPE - "District Municipality" (Note 31)

Balance at 30 June 2014 on 2013/14 Financial Statements	R
Move to Government Grants and subsidies - "District Municipality" (Note 29)	462 035
Restated balance of Public Contributions, Donated and Contributed PPE - "District Municipality" as at 30 June 2014	<u>(462 035)</u>

Government grants and subsidies & Public Contributions, Donated and Contributed PPE are adjusted accordingly.

45.2 Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance)

Impairment / Fair Value adjustment of Investment Property and Biological assets on the face of the financial performance are now split between revenue and expenditure.

Changes to Notes to Annual Financial Statements:

Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance) (Note 41)- OLD

Balance at 30 June 2014 on 2013/14 Financial Statements	2014 R
Move to "Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance - Revenue from Exchange Transactions)"	865 145
Move to "Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance - Expenditure)"	22 279 095
Restated balance of "Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance)" as at 30 June 2014	<u>(23 144 240)</u>

Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance - Revenue from Exchange Transactions) (Note 41) - NEW

Balance at 30 June 2014 on 2013/14 Financial Statements	-
Move from "Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance)"	23 144 240
Adjustments relating to correction of errors(Refer to note 42.3)	(13 202 853)
Restated balance of "Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance - Revenue from Exchange Transactions)" as at 30 June 2014	<u>9 941 387</u>

Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance - Expenditure) (Note 41) - NEW

Balance at 30 June 2014 on 2013/14 Financial Statements	-
Move from "Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance)"	22 279 095
Adjustments relating to correction of errors(Refer to note 42.3)	(2 619 124)
Restated balance of "Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance - Revenue from Exchange Transactions)" as at 30 June 2014	<u>19 659 971</u>

Impairment / Fair Value adjustment of Investment Property and Biological assets (Financial Performance) are adjusted accordingly.

45.3 Receivables from exchange transactions (Note 22) & Receivables from non-exchange transactions (Note 23)

Accrued Income was moved from "Receivables from non-exchange transactions" to "Receivables from exchange transactions" due to the nature of the income.

Changes to Notes to Annual Financial Statements:

Receivables from exchange transactions (Note 22)

Balance at 30 June 2014 on 2013/14 Financial Statements	2014 R
Moved from "Receivables from non-exchange transactions - Accrued Income"	50 683 347
Restated balance of "Receivables from exchange transactions" as at 30 June 2014	<u>4 386 018</u>

Receivables from non-exchange transactions (Note 23)

Balance at 30 June 2014 on 2013/14 Financial Statements	15 322 793
Moved to "Receivables from exchange transactions - Other debtors"	(4 386 018)
Adjustments relating to correction of errors (Refer to note 42.4)	54 122
Restated balance of "Receivables from non-exchange transactions" as at 30 June 2014	<u>10 990 896</u>

Receivables from exchange transactions & Receivables from non-exchange transactions are adjusted accordingly.

46. COMPARISON WITH BUDGET

Reconciliation of budget surplus/deficit with the surplus/deficit in the Statement of Financial Performance:

Net surplus/(deficit) per the statement of financial performance 2014
R
83 672 431

Net surplus/(deficit) as per approved budget 59 263 773

Variance to be explained (refer to Statement of Comparison of Budget and Actual amounts for detail) 24 408 658

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

Expenditure per VOTE: OPERATIONAL

	Budget: R	Actuals: R	Variance: R
Municipal Manager & Executive Council	56 773 887	54 950 873	1 823 014
Corporate Services	38 102 707	36 920 573	1 182 134
Financial Services	37 963 469	34 639 543	3 323 926
Technical Services	109 707 316	104 899 874	4 807 442
Community Services	151 046 889	144 610 374	6 436 515
Electricity Services	255 212 179	251 974 685	3 237 494
Development and Planning	114 987 380	95 785 598	19 201 782
	<u>763 793 827</u>	<u>723 781 519</u>	<u>40 012 308</u>

Detail of Material Variances:

The underspending on Municipal Manager & Executive Council is mainly due to a saving of R8.4 million on the contribution to post retirement benefits and no actuarial losses recognised for the 14/15 financial year.

The underspending on Corporate services is mainly due to savings on general expenditure and depreciation charges.

The underspending on Financial services is mainly due to savings on collection costs and debt impairment.

The underspending on Technical services is mainly due to underspending on bulk purchases of R1.2 million and depreciation charges

The underspending on Community services is mainly due to underspending on debt impairment on traffic fines of R5.97 million.

The underspending on Electricity services is mainly due to underspending on bulk purchases of R2.2 million.

The underspending on Development and Planning services is mainly due to underspending on housing topstructures and depreciation charges.

Expenditure per VOTE: CAPITAL

	Budget: R	Actuals: R	Variance: R
Municipal Manager & Executive Council	152 000	173 307	(21 307)
Corporate Services	4 972 181	4 765 694	206 487
Financial Services	683 853	551 058	132 795
Technical Services	37 652 198	37 081 534	570 664
Community Services	7 386 243	6 412 311	973 931
Electricity Services	23 228 149	22 580 849	647 300
Development and Planning	73 473 729	49 944 828	23 528 901
	<u>147 548 352</u>	<u>121 509 581</u>	<u>26 038 771</u>

Detail of Material Variances:

The overspending under the MM Vote is due to the lease of a photocopy machine where the nett present value of the asset was more than the fair value.

The underspending on Corporate Services is mainly due to savings on projects and the delay of delivery and installation from suppliers.

The underspending on Technical services is mainly due to unforeseen conditions on site (project to be rolled-over to 15/16 year), low demand in water and sewerage connections and savings on projects.

The underspending on Community services was mainly due to the project for screens at Van Riebeeck stadium that could not be completed due to insufficient funds (project to be rolled-over to 15/16 year) and savings on projects.

The underspending on Electricity services is mainly due to savings on projects.

The underspending under Development and Planning is mainly due to the underspending on Housing projects (delay in move of informal area, multi-year projects will be rolled-over to 15/16 year), Disaster funds unspent due to late receipt of funds and savings on Streets and storm water projects.

47. CASH GENERATED BY OPERATIONS	2015	2014
	R	R
Surplus / (Deficit) for the year	83 672 431	150 914 827
<u>Adjustment for:</u>		
Depreciation and Amortisation	58 409 885	55 964 238
Gain and loss on derecognition of property, plant and equipment	4 311 046	749 656
Fair Value adjustment	5 936 613	9 718 584
Contributions to provisions (non-current)	2 553 971	-
Contributions to provisions (current)	(293 910)	222 552
Employee Benefits (non-current)	6 994 008	11 472 566
Employee Benefits (current)	213 000	3 490 429
Actuarial loss	-	2 810 566
Actuarial gains	(2 475 690)	(74 476 137)
Contributions to debt impairment provision	33 493 027	16 320 429
Bad Debts written off	(10 209 565)	(13 159 519)
Investment Income	(20 365 332)	(14 172 494)
Operating Lease Income	(20 298)	(51 631)
Operating Lease Expenses	213 396	308 923
Finance costs	2 776 215	2 678 808
Operating surplus before working capital changes:	165 208 796	152 791 797
(Increase) / Decrease in inventories	15 514 520	(24 240 987)
(Increase) / Decrease in receivables from exchange transactions	(15 329 680)	(6 879 452)
(Increase) / Decrease in receivables from non-exchange transactions	(17 571 971)	4 860 936
Increase / (Decrease) in unspent / unpaid conditional grants & receipts	23 055 759	3 247 463
Increase / (Decrease) in VAT payable/receivable	(376 999)	(2 464 430)
Increase / (Decrease) in Payables from exchange transactions	8 997 385	9 525 257
Cash generated by operations	179 497 809	136 840 584
48. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2015	2014
	R	R
Finance lease liability (see note 4)	1 469 807	2 250 062
Other Long-term liabilities (see note 5)	24 463 557	26 565 036
Used to finance PPE - at cost	-	-
Sub-total	25 933 364	28 815 097
Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date (See note 25).		
49. UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE		
49.1 Unauthorised expenditure	2015	2014
	R	R
Reconciliation of unauthorised expenditure		
Opening balance	-	132 304
Unauthorised expenditure current year	21 307	-
Approved by council or condoned	-	(132 304)
Transfer to receivables for recovery - not condoned	-	-
Unauthorised expenditure awaiting authorisation	21 307	-
The overspending of R21 307 under the vote for the Municipal Manager is due to the lease of a photocopy machine where the nett present value of the asset was more than the fair value.		
49.2 Irregular expenditure	2015	2014
	R	R
Reconciliation of irregular expenditure		
Opening balance	-	-
Irregular expenditure current year	2 279 942	-
Condoned or written off by Council	-	-
Recovered	-	-
To be recovered - contingent asset	-	-
Irregular expenditure awaiting condonement	2 279 942	-
2015		
Incident	Disciplinary steps/criminal proceedings	
Alleged collusive relationship not declared by tenderers. In terms of the MFMA, section 118, no person may interfere with the SCM system of the Municipality. In this regard, two tenders failed to submit accurate and true certificates and/or fraudulently submitted false information in the standard bidding documentation that has to be completed as per Sec 21 of the SCM Regulations.	Oversight committee still to discuss internal auditors report	
49.3 Fruitless & wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

50. ADDITIONAL DISCLOSURES i.t.o THE MFMA

	2015 R	2014 R
50.1 Contributions to SALGA		
Opening balance	-	-
Council subscriptions	2 010 265	1 794 394
Amount paid - current year	(2 010 265)	(1 794 394)
Amount paid - previous years	-	-
Balance unpaid (included in Payables from exchange transactions)	-	-

50.2 Audit fees

	2015 R	2014 R
External Audit Fees		
Opening balance	-	-
Current year audit fee	3 788 053	3 749 383
Amount paid - current year	(3 788 053)	(3 749 383)
Amount paid - previous years	-	-
Balance recoverable (included in Payables from exchange transactions)	-	-

	2015 R	2014 R
Internal Audit Fees		
Opening balance	-	-
Current year audit fee	1 341 470	1 284 276
Amount paid - current year	(1 341 470)	(1 284 276)
Amount paid - previous years	-	-
Balance unpaid (included in Payables from exchange transactions)	-	-

50.3 VAT

	2015 R	2014 R
VAT Receivable / (Payable)	5 183 947	4 806 948

All VAT returns have been submitted by the due date throughout the year.

50.4 PAYE and UIF

	2015 R	2014 R
Opening balance	-	-
Current year payroll deductions	26 437 255	22 105 887
Amount paid - current year	(26 437 255)	(22 105 887)
Amount paid - previous years	-	-
Balance recoverable (included in Payables from exchange transactions)	-	-

50.5 Pension, Provident and medical aid contributions, Group insurance

	2015 R	2014 R
Opening balance	-	-
Current year payroll deductions and council contributions	53 844 150	48 661 240
Amount paid - current year	(53 844 150)	(48 661 240)
Amount paid - previous years	-	-
Balance unpaid (included in Payables from exchange transactions)	-	-

50.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding as at 30 June for more than 90 days:

	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
30 June 2015			
None	-	-	-
Total Councillor Arrear Consumer Accounts	-	-	-
30 June 2014			
R Skombingo	34	-	34
Total Councillor Arrear Consumer Accounts	34	-	34

During the year the following councillors had arrear accounts outstanding for more than 90 days:

	Month	Highest Amount Outstanding R	Ageing
1 July 2014 to 30 June 2015			
R Skombingo	July 2014 to August 2014	34	90+ days
1 July 2013 to 30 June 2014			
R Skombingo	July 2013 to June 2014	268	90+ days
MM van Wyk	May 2014	255	90+ days
NP Jwili	April 2014	5	90+ days

50.7 Non-compliance with Chapter 11 of the MFMA

The following deviations and ratifications of minor breaches of procurement processes are reported to council in terms of Paragraph 36(2) of the SCM Policy:

CLOSED QUOTATIONS / TENDERS:

MONTH	R0 - R20 000	R20 001 - R50 000	R50 001 - R100 000	R100 001 - R200 000	Above R200 000
July 2014	258 713	336 873	290 398	424 751	1 021 544
Aug 2014	223 684	283 145	143 847	200 000	4 624 571
Sep 2014	426 814	386 172	185 699	-	3 856 952
Oct 2014	343 774	370 997	174 574	187 413	1 668 260
Nov 2014	466 909	368 523	413 293	-	-
Dec 2014	299 840	134 763	76 773	128 702	-
Jan 2015	477 376	310 132	207 124	129 761	2 089 911
Feb 2015	197 009	248 420	53 734	-	1 130 000
Mar 2015	275 001	342 260	433 215	116 793	1 058 000
Apr 2015	197 821	29 925	-	256 436	2 651 767
May 2015	259 863	193 528	66 861	272 266	209 760
Jun 2015	140 027	72 898	108 300	-	-
Grand Total	3 566 830	3 077 637	2 153 818	1 716 122	18 310 766

The above-mentioned deviations from the Supply Chain Management processes has been condoned in terms of the approved Supply Chain Management Policy.

50.8 LEVIES PAID TO OTHER GOVERNMENT ORGANISATIONS

	2015 R	2014 R
Levy Department of Water Affairs and Forestry : Water	294 664	278 731
Levy Department of Water Affairs and Forestry : Water Catchment Management	686 020	763 877
Skills Development Levy	1 733 653	1 598 413
Levy Bargaining Council	68 722	63 951

50.9 MATERIAL LOSSES

	2015 R	2014 R
<u>Electricity distribution losses</u>		
- Units purchased (kWh)	293 410 192	284 653 360
- Units lost during distribution (kWh)	19 582 468	21 732 318
- Percentage lost during distribution	6.67%	7.63%

These losses are due to technical losses on the distribution system (transformers, cables, overhead lines), faulty meters, theft and vandalism.

	2015 R	2014 R
<u>Water distribution losses</u>		
- Mega litres purified	7 602	7 253
- Mega litres lost during distribution	1 261	888
- Percentage lost during distribution	16.59%	12.24%

These losses are due to defective meters, losses on water network (breakage in pipelines and pumps, leaking valves, etc.), evaporation, theft, vandalism and damages due to blind excavations.

51. CONTRACTUAL COMMITMENTS

	2015 R	2014 R
Commitments in respect of capital expenditure:		
-approved and contracted for	37 490 270	13 518 575
Infrastructure	37 445 044	13 408 180
Community	-	33 200
Other	45 226	77 195
-approved, but not yet contracted	-	-
Infrastructure	-	-
Community	-	-
Other	-	-
TOTAL	37 490 270	13 518 575
<u>This expenditure will be financed from:</u>		
-Capital replacement reserve	6 570 455	11 885 053
-Government grants	30 919 815	-
-Public contributions / donations	-	1 633 523
	37 490 270	13 518 575

52. RELATED PARTIES

Parties are considered to be related if:

- One party has the ability to control the other party or
- Exercise significant influence over the other party in making financial and operating decisions.

52.1 Related Party Transactions

Year ended 30 June 2015

Councillors
Municipal Manager and Section 57 Personnel
Municipal Entities

Rates and service charges R	Outstanding balances R
279 790	-
74 485	-
-	-

Year ended 30 June 2014

Councillors
Municipal Manager and Section 57 Personnel
Municipal Entities

241 951	34
69 178	-
-	-

The rates, service charges and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

52.2 Joint Venture - Jointly controlled asset

Mossel Bay Municipality has an agreement with PetroSA for the funding and construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility.

The municipality accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

Title and ownership of the Desalination facility shall vest in the Municipality and PetroSA proportional to their respective funding contributions.

Refer to notes 15, 31.3 and 40 for more detail on these transactions.

52.3 Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, together with the conditions, are disclosed in note 19 to the Annual Financial Statements.

52.4 Compensation of key management personnel

The compensation of key management personnel is set out in note 32.

52.5 Other related party transactions

No contracts were awarded to key management personnel/councillors or their close family members during the year under review.

The following are awards above R2 000 made to close family members of anybody in the service of the state.

QUOTATIONS:

QUOTATION	AWARDED TO	TOTAL AMOUNT (R) FOR 14/15 YEAR	RELATION
Translation Services	Heather Voster	9 030	Heather Voster was an employee of Mossel Bay Municipality within the past twelve months of the initial award.
Tarka 20 Desember 2014 / Youth Development	Harmony Sounds	26 000	Ivan October was an employee of PetroSA within the past twelve months of initial award
Various	SMEC South Africa (Pty) Ltd	558 177	The daughter of an employee of Mossel Bay Municipality works for SMEC (Pieter Myburgh)
Various	Aurecon South Africa George	1 503 176	Aurecon has numerous family members working for State Departments, but none of their Directors have any family members in service of the State.
Buildings – Replace loose tiles	Ben-oni Louis Construction	9 133	The brother of an employee of Mossel Bay Municipality owns BL Construction (Pieter Myburgh)
Various	Marracon (PTY) Ltd	775 304	The owners are the sons of the Executive Mayor of Mossel Bay Municipality
Various	LNJ Konstruksie	1 419 557	The owner is the son of the Executive Mayor of Mossel Bay Municipality
Various	Rika's Cleaning Services	14 700	The husband of the owner is a General Worker at Mossel Bay Municipality
Various	Volts and Welds	180 020	The owner is the cousin of an employee of Mossel Bay Municipality (Pieter Myburgh)
Various	Kuyler Bakwerke & Insleep Dienste	51 186	The wife of the owner is an employee at Mossel Bay Municipality (Yolande Kuyler)

QUOTATION	AWARDED TO	TOTAL AMOUNT (R) FOR 14/15		RELATION
		YEAR		
Translation services	Cheslin Jantjies	2 220		The mother of the owner is an employee at Mossel Bay Municipality (Maggie Pick)
Various	Abathathu Valuers CC	208 256		Gert Fourie, a valuer at Mossel Bay Municipality, is a cousin of one of the owners.
Various	Coalition Trading 1317 CC	129 148		The wife of the owner is an employee at Theewaterskloof Municipality.
Various	Marhen Bouers	179 170		The son of one of the Directors is an employee at Mossel Bay Municipality (R Draai)
Various	Gouws N.E Transport	47 000		The husband of the owner is an employee at Mossel Bay Municipality
Buildings – Fire alarm lower traffic Department	Electronics Services	3 540		The son in law of one of the employees of Mossel Bay Municipality owns Electronic Services (Elaine Stipp)
Various	Cederberg Conservation Services	198 313		The wife of the owner is an employee at SAN Parks
Consultant fees	Mark Berry Environmental Consultants CC	136 000		The Spouse of MG Berry is a State Advocate with NPA
Various	Powerrec	146 593		Powerrec has numerous family members working for State Departments, but none of their Directors have any family members in service of the State.

TENDERS:

TENDER	DATE	AWARDED TO	AMOUNT	RELATION
Tender 25-13/14		LNJ Konstruksie	163 876	The owner is the son of the Executive Mayor of Mossel Bay Municipality
Tender 15-14/15		LNJ Konstruksie	25 963	The owner is the son of the Executive Mayor of Mossel Bay Municipality
Tender 44-14/15		LNJ Konstruksie	717 225	The owner is the son of the Executive Mayor of Mossel Bay Municipality

Alderlady M Ferreira (Executive Mayor) do not have any shareholding or interest in Marracon (Pty) Ltd as per the above awards.

The transactions are concluded in full compliance with the Supply Chain Management policy of the Council and the transactions are considered to be at arms length.

53. FINANCIAL RISK MANAGEMENT

Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises three types of risks, which is currency risk, interest rate risk and other prices risk.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes.

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long term debtors, consumer debtors, other debtors, short term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well established financial institutions of high quality credit standing. The credit exposure to any single counterparty is managed by setting transaction/exposure limits, which are included in the municipality's investment policy. These limits are reviewed annually by the CFO and authorised by the executive mayoral committee.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly and the supply of electricity accounts not paid on due date are cut immediately.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

The maximum credit and interest rate risk exposure in respect of relevant financial instruments is as follows:

Description of type of financial instrument	2015 R	2014 R
Long term receivables	1 888 697	2 060 173
Receivables from Exchange transactions	92 730 485	77 400 805
Other Receivables from Non-Exchange transactions	2 034 744	1 677 747
Cash and Cash Equivalents	319 252 041	243 836 485
Maximum credit and interest rate risk exposure	415 905 967	324 975 210

54. FINANCIAL INSTRUMENTS

In accordance with the principles of GRAP 104 the financial instruments of the municipality are classified as follows:

SUMMARY OF FINANCIAL ASSETS		2015	2014
Short-term Investment Deposits:		R	R
Short-term Investment Deposits	At amortised cost	290 097 408	230 654 452
Bank Balances and Cash:			
Bank Balances	At amortised cost	29 135 673	13 163 073
Petty cash and advances	At amortised cost	18 960	18 960
Long-term Receivables:			
Study Loans	At amortised cost	129 080	114 938
Land Sales Debtors	At amortised cost	15 456	16 833
Public Assistance Loans	At amortised cost	86 906	106 051
Housing Selling Scheme Loans	At amortised cost	1 657 254	1 822 352
Receivables from Exchange transactions:			
Service debtors	At amortised cost	54 653 958	48 340 622
Debtback Collections	At amortised cost	511 348	7 133
Land Sales	At amortised cost	1 786	1 389
Housing Instalments	At amortised cost	627 062	884 916
Housing rentals	At amortised cost	226 376	211 880
Sundry Debtors	At amortised cost	8 568 819	5 623 426
Other Receivables from Non-Exchange transactions:			
Government subsidies	At amortised cost	128 834	-
Other	At amortised cost	1 905 910	1 677 747
Unpaid conditional grants and receipts:			
Unpaid conditional grants and receipts	At amortised cost	-	4 769 729
Total Financial Assets		387 764 832	307 413 500
SUMMARY OF FINANCIAL LIABILITIES		2015	2014
Long term liabilities:		R	R
Local registered stock loans	At amortised cost	343 864	472 536
Long term loan		22 000 000	24 000 000
Annuity loans	At amortised cost	-	-
Lease liability:			
Finance lease liability	At amortised cost	782 446	1 253 609
Payables from exchange transactions:			
Trade and Other Payables	At amortised cost	76 898 634	77 728 045
Unspent conditional grants and receipts:			
Unspent conditional grants and receipts	At amortised cost	33 929 193	15 643 163
Cash and Cash Equivalents:			
Bank Overdraft	At amortised cost	-	-
Current portion of long term liabilities:			
Local registered stock loans	At amortised cost	119 693	92 500
Long term loan		2 000 000	2 000 000
Annuity loans	At amortised cost	-	-
Current portion of Lease liability:			
Finance lease liability	At amortised cost	687 361	996 452
Total Financial Liabilities		136 761 192	122 186 306

The following methods and assumptions are used to determine the fair value / amortised cost of each class of financial instrument:

Cash and Cash Equivalents

The carrying amount approximates the fair value due to the relatively short-term nature of these financial assets.

Trade and Other receivables / payables

The carrying amount of trade and other receivables (net of provision for debt impairment) / payables approximates fair value due to the relatively short-term nature of these assets / liabilities.

Long-term Receivables / payables

Subsequent to initial recognition, interest bearing borrowings and receivables are stated at amortised cost. Fixed interest rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market-related interest rates at the reporting date.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus. There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

Increase in interest rates

The estimated increase in basis points

Financial Assets
Financial Liabilities
Net effect on surplus (Financial Assets minus Financial Liabilities)

2015	2014
1%	1%
R	R
3 877 648	3 074 135
1 367 612	1 221 863
<u>2 510 036</u>	<u>1 852 272</u>

55. CONTINGENT LIABILITIES / ASSETS

55.1 Contractual disputes

Below is a list of possible liability claims where the outcome was unknown at 30 June 2015 with the maximum unforeseen liability for the Municipality:

- Allandale and others v Mossel Bay Municipality: This is a claim for flood damages to the amount of R16 516 054.

- Stonetrade Trust v Mossel Bay Municipality: This is a claim with regards to Mid-income housing to the amount of R64 220 976.

- Belstow v Mossel Bay Municipality: This is a claim with regards to the cancellation of contract for Traffic cameras to the amount of R6 679 588.

- Attpower (Pty) Ltd v Mossel Bay Municipality: This is a claim based on so-called breach of contract to the amount of R83 849 227.

- SALA Pension Fund v Various municipalities: This is a claim to the amount of R307 349

In our legal opinion we are optimistic about the outcome of all the above disputes.

55.2 Guarantees of employees housing loans

Guarantees have been issued to various financial institutions on behalf of officials in respect of housing loans.

This is covered by individual cumulated pensions depending on the years of service. Collateral investments were made in certain cases. The maximum amount of the guarantees amount to R58 485, and council has a right to recovery.

55.3 Contingent Assets

To the best of our knowledge there are no contingent assets to be disclosed as at reporting date.

56. EVENTS AFTER THE REPORTING DATE

The municipality is in the process to award a tender for the development, management and lease of the De Bakke and Santos Chalets and Resorts for a period of 30 years. An estimate of the financial effect can not be made at this stage.

The municipality is currently in the investigation stage of a possible fraud case. The investigation is in an early stage. The outcome and value is still unknown.

Note 57: Implication of standards approved but not yet effective:

Std. no.	Standard title	Standard requirements	Earlier implementation Y/N	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
GRAP 18	Segment reporting	Entire standard	N	<p>The AFS will have to be adjusted to ensure that the disclosure requirements relating to segment information are met.</p> <p>The primary reporting format requires inter alia, disclosure of:</p> <ol style="list-style-type: none"> 1) Segment revenue for every reportable segment. 2) Segment results for every reportable segment. 3) Segment assets for every reportable segment. 4) The total cost incurred during the period to acquire reportable segment long term assets. 5) A reconciliation between the information disclosed for reportable segments and the information in the entity's own financial statements. <p>Based on the decision of the entity whether business or geographical segments are the primary reporting format, the secondary reporting format requirements as set out in GRAP 18 will also need to be disclosed in the AFS.</p> <p>Note should be taken of the information disclosed as per Appendix B and C.</p>
GRAP 32	Service Concession Arrangements: Grantor	Entire Standard	N	Not applicable to Mossel Bay Municipality at this stage.
GRAP 105	Transfers of Functions Between Entities under Common Control	Entire Standard	N	Not applicable to Mossel Bay Municipality at this stage.

GRAP 106	Transfers of Functions Between Entities Not under Common Control	Entire Standard	N	Not applicable to Mossel Bay Municipality at this stage.
GRAP 107	Mergers	Entire Standard	N	Not applicable to Mossel Bay Municipality at this stage.
GRAP 108	Statutory Receivables	Entire Standard	N	The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.
GRAP 109	Accounting by Principals and Agents	Entire Standard	N	No significant impact is expected as the Municipality's current treatment is already in line with the Standards' treatment.

APPENDICES

Appendix A : Schedule of External Loans

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015										
External loans	Institution	Loan number	Redeemable	Balance at 30 June 2014	Received during the period	Redeemed / written off during the period	Unamortised discount on loans	Balance at 30 June 2015	Carrying value of PPE	Other costs in accordance with the MFMA
STOCK LOANS				R	R	R		R	R	R
Stock loan @ 15.00%	Hartenbos Tennisklub	1/97	2012/12/31	(0)				(0)	-	-
Stock loan @ 15.00%	KBR Tennisklub	2/97	2012/12/31	0				0	-	-
Stock loan @ 15.00%	Vista Rolbalklub	1/99	2013/12/31	0				0	-	-
Stock loan @ 15.00%	Hartenbos Bowling club	2/99	2015/12/31	92 500		92 500		-	-	-
Stock loan @ 15.00%	St Blaze Mooel Vlieers	2/2000/01	2015/11/01	13 538				13 538	-	-
Stock loan @ 15.00%	Hartenbos Bowling Club	1/2000/01	2015/07/20	92 308				92 308	-	-
Stock loan @ 15.00%	Mosselbaai Tennisklub	4/2000/01	2016/03/01	13 847				13 847	-	-
Stock loan @ 15.00%	Mosselbaai Aero club	1/2001/02	2016/10/01	178 462				178 462	-	-
Stock loan @ 15.00%	Mosselbaai Harriers	2/2001/02	2016/10/01	36 924				36 924	-	-
Stock loan @ 15.00%	Mosselbaai Bowling club	1/2002/03	2018/03/07	61 539				61 539	-	-
Stock loan @ 12.00%	Boggomsbaai Golf club	2/2003/04	2018/10/31	30 714				30 714	-	-
Stock loan @ 12.00%	Hartenbos Tennisklub	1/2003/04	2018/09/18	45 204			(8 979)	36 225	-	-
Total long-term loans				565 036	-	92 500	(8 979)	463 557	-	-
LONG-TERM LOANS										
DBSA loan R30m	Development Bank of South Africa	1/2012/02	2027/06/30	26 000 000	-	2 000 000		24 000 000	-	-
Total annuity loans				26 000 000	-	2 000 000	-	24 000 000	-	-
TOTAL EXTERNAL LOANS				26 565 036	-	2 092 500	(8 979)	24 463 557	-	-

Appendix B : Segmental analysis of Statement of Financial Performance (Mun Dept classification)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015						
MUNICIPAL DEPARTMENT CLASSIFICATION						
2014	2014	2014		2015	2015	2015
Actual income	Actual expenditure	Surplus/ (deficit)	SEGMENT	Actual income	Actual expenditure	Surplus/ (deficit)
R	R	R		R	R	R
119 604 930	70 132 001	49 472 930	Municipal Manager & Council	56 975 848	54 950 873	2 024 974
866 229	18 386 430	(17 520 201)	Manager Corporate Services	1 192 021	21 115 704	(19 923 683)
1 515 288	10 167 904	(8 652 616)	Socio Economic Plan and Dev	1 020 767	9 431 467	(8 410 700)
16 996 672	56 492 570	(39 495 899)	Town planning & Building control	26 225 848	60 177 188	(33 951 340)
8 440 228	6 658 283	1 781 945	Libraries	4 448 341	7 929 981	(3 481 640)
90 525 436	38 218 641	52 306 795	Manager Financial Services	97 680 664	41 012 944	56 667 720
291	3 876 668	(3 876 378)	Manager Technical Services	228 005	4 233 773	(4 005 768)
310 298 423	229 330 470	80 967 953	Electricity	345 365 584	250 563 031	94 802 554
53 181 201	29 660 442	23 520 759	Sewerage	56 759 256	33 596 894	23 162 362
98 824 123	70 127 735	28 696 388	Water	106 017 078	70 133 314	35 883 764
1 259 848	6 193 873	(4 934 025)	Manager Community Services	1 191 158	8 573 841	(7 382 683)
7 092 479	7 864 517	(772 038)	Caravan Parks and Chalets	8 914 473	7 720 254	1 194 219
317 772	681 092	(363 321)	Cemeteries	288 437	646 540	(358 103)
40 658 250	36 470 759	4 187 491	Cleansing	45 368 456	38 687 650	6 680 806
43 966 442	14 876 103	29 090 339	Integrated Human Settlements	26 885 721	35 632 571	(8 746 850)
22 294 745	43 599 036	(21 304 292)	Public Safety and Rescue Services	29 620 990	50 050 348	(20 429 357)
5 099 353	29 330 339	(24 230 986)	Parks and Recreation	(728 697)	31 726 432	(32 455 129)
820 941 709	672 066 864	148 874 846	Sub Total	807 453 950	726 182 804	81 271 146
	2 039 981	(2 039 981)	Less inter-dep charges		2 401 286	(2 401 286)
820 941 709	670 026 882	150 914 827	Total	807 453 950	723 781 519	83 672 431

Appendix C : Segmental analysis of Statement of Financial Performance (GFS classification)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015						
GFS CLASSIFICATION						
2014	2014	2014		2015	2015	2015
Actual income	Actual expenditure	Surplus/ (deficit)	SEGMENT	Actual income	Actual expenditure	Surplus/ (deficit)
R	R	R		R	R	R
10 017 848	13 533 249	(3 515 401)	Community & Social Services	5 927 936	17 150 362	(11 222 427)
310 298 423	229 330 470	80 967 953	Electricity	345 365 584	250 563 031	94 802 554
119 468 412	66 548 411	52 920 001	Executive & Council	57 229 527	51 494 442	5 735 085
91 528 474	65 031 103	26 497 371	Finance & Admin	98 847 010	70 829 197	28 017 813
43 966 442	13 906 264	30 060 177	Housing	26 885 721	34 624 814	(7 739 092)
-	4 064	(4 064)	Other	-	2 412	(2 412)
6 973 570	23 607 481	(16 633 911)	Planning and Development	7 353 568	24 519 236	(17 165 668)
22 294 745	43 599 036	(21 304 292)	Public Safety	29 620 990	50 050 348	(20 429 357)
7 997 558	34 532 593	(26 535 035)	Road Transport	15 300 627	37 008 862	(21 708 235)
12 191 832	37 194 856	(25 003 024)	Sport and Recreation	8 185 776	39 446 686	(31 260 910)
40 658 250	36 470 759	4 187 491	Waste Management	45 368 456	38 687 650	6 680 806
56 722 033	38 180 842	18 541 191	Waste Water Management	61 351 677	41 672 451	19 679 225
98 824 123	70 127 735	28 696 388	Water	106 017 078	70 133 314	35 883 764
820 941 709	672 066 864	148 874 846	Sub Total	807 453 950	726 182 804	81 271 146
	2 039 981	(2 039 981)	Less inter-dep charges		2 401 286	(2 401 286)
820 941 709	670 026 882	150 914 827	Total	807 453 950	723 781 519	83 672 431

Appendix D : Disclosure of Grants and Subsidies (According to Section 123 of MFMA)

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2015												
Name of VOTE	Name of Organ of State, Municipal Entity or Grant	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/with held June	Total
			Sept	Dec	March	June	Sept	Dec	March	June		
ALL GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS & DONATED PPE (per vote)												
MUNICIPAL MANAGER		178 618	-	180	79 260	-	58 000	36 180	15 100	59 512	-	89 266
CORPORATE SERVICES		(567 727)	54 187	279 952	562 708	39 076	97 420	453 810	711 182	168 226	1 062 442	-
FINANCIAL SERVICES		272 069	24 038 000	18 235 000	17 588 276	383 894	9 396 210	9 761 552	9 628 361	31 859 950	128 834	-
TECHNICAL SERVICES		-	1 804 303	5 595 797	4 771 159	9 800 283	1 658 926	4 670 609	3 067 519	5 867 668	-	6 706 820
COMMUNITY SERVICES		22 296	1 612 333	1 315 783	1 320 767	1 623 635	1 615 245	1 892 926	733 431	1 644 700	-	8 513
ELECTRICITY SERVICES		21 457	5 296 000	1 500 000	3 000 000	(3 658 000)	389 883	2 789 277	1 072 948	1 907 349	-	-
DEVELOPMENT PLANNING & HOUSING		10 378 994	27 204 568	15 563 422	25 493 878	2 068 635	10 079 120	23 644 617	11 787 709	8 073 455	-	27 124 595
TOTAL PUBLIC CONTR. & DONATED PPE		10 305 708	60 009 390	42 490 134	52 816 049	10 257 523	23 294 804	43 248 972	27 016 250	49 580 861	1 191 276	33 929 194

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2015												
Name of GRANT	Name of Organ of State, Municipal Entity or Grant	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/with held June	Total
			Sept	Dec	March	June	Sept	Dec	March	June		
ALL GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS & DONATED PPE (per grant)												
EQUITABLE SHARE	NATIONAL	-	21 654 000	18 235 000	14 816 000	-	8 444 231	9 073 929	9 271 971	27 914 869	-	-
FINANCE MANAGEMENT GRANT	NATIONAL	-	1 450 000	-	-	-	232 723	169 970	345 265	702 042	-	-
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	NATIONAL	-	934 000	-	-	-	-	199 272	-	734 728	-	-
MUNICIPAL INFRASTRUCTURE GRANT	NATIONAL	-	3 500 000	13 280 000	5 751 000	-	2 577 074	11 585 601	7 021 298	1 347 027	-	-
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT	NATIONAL	21 457	3 796 000	-	2 000 000	-	389 883	2 565 088	940 156	1 922 331	-	-
ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT	NATIONAL	-	1 500 000	1 500 000	1 000 000	-	-	224 190	132 792	3 104 916	-	538 102
EXTENDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT	NATIONAL	9 532	738 000	553 000	553 000	-	823 569	89 650	-	940 314	-	-
MUNICIPAL DISASTER RECOVERY	NATIONAL	-	-	-	6 809 000	-	-	-	66 371	546 071	-	6 196 558
MOSSEL BAY SEDIMENT SUPPLY STUDY		-	-	-	243 000	-	-	-	-	243 000	-	-
INTEGRATED HOUSING AND HUMAN SETTLEMENT & DEVELOPMENT GRANT	Department of Human Settlements	10 352 275	24 770 871	7 326 219	16 068 802	8 194 953	9 041 404	16 565 734	7 131 033	7 605 566	-	26 369 383
MAINTENANCE AND CONSTRUCTION OF TRANSPORT INFRASTRUCTURE GRANT		-	-	-	442 000	(0)	-	-	400 000	42 000	-	-
COMMUNITY DEVELOPMENT WORKERS GRANT	Department of Social Services	-	-	69 952	-	(0)	16 268	8 834	13 598	31 252	-	-
THUSONG SERVICE CENTRE GRANT		-	-	-	222 000	-	81 005	58 728	11 595	70 672	-	-
LIBRARY SERVICES CONDITIONAL GRANT	L.S.C.G	13 784	1 612 333	1 312 333	1 312 334	-	1 613 017	1 887 423	727 756	22 587	-	-
FINANCE MANAGEMENT SUPPORT GRANT	PAWC	272 069	-	-	-	-	-	272 069	-	-	-	-
HOUSING EMERGENCY KITS	PAWC	-	-	-	1 231 200	-	-	74 242	216 842	216 842	-	723 275
LGWSETA SKILLS DEVELOPMENT	LGWSETA	(567 727)	54 187	-	297 000	16 500	15 403	217 175	516 791	113 034	1 062 442	-
GREENEST MUNICIPALITY COMPETITION	PAWC	-	-	-	114 035	15 965	-	-	15 075	114 925	-	-
EMERGENCY RELIEF GRANT	EDEN DISTRICT	-	-	-	1 683 276	382 530	-	-	-	2 194 640	128 834	-
DONATED PPE	PUBLIC CONTRIBUTION	-	-	-	-	1 617 130	-	-	-	1 617 130	-	-
PUBLIC CONTRIBUTIONS AND OTHER SUBSIDIES	PUBLIC CONTRIBUTION	204 317	-	213 630	273 401	30 445	60 227	257 068	205 708	96 916	-	101 875
TOTAL GRANTS		10 305 708	60 009 390	42 490 134	52 816 049	10 257 523	23 294 804	43 248 972	27 016 250	49 580 861	1 191 276	33 929 193

1. The Municipality complies with the Grant Conditions in terms of the Grant Framework in the latest division of Revenue Act.

2. CONDITIONS NOT MET

Where the conditions were not fully met, it was due to the fact that projects started late, and will be utilised in the 2015/2016 financial year.

3. PROJECTS FUNDING DELAYED

A debtor was created for the funding not yet received from LGSETA and Disaster Recovery Funds withheld from Eden District Municipality. No other funding were withheld during the year.

4. RECONCILIATION BETWEEN APPENDIX AND NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The receipts and expenditure totals on the appendix includes funds received from department of human settlements for projects where the municipality acts as an agent.

2015 Annual Report

VOLUME 2

Report of the
Audit Committee



MOSSELBAY MUNICIPALITY

Report of the Audit and Performance Audit Committee for the year ended 30 June 2015

Recommended to be included in Annual Report

The Audit and Performance Audit Committee is a committee of the Council and in addition to having specific statutory responsibilities to the ratepayers and consumers in terms of the Municipal Finance Management Act, 2003 (No 56) (MFMA), the committee assist the Council.

1. Terms of Reference

Audit Committee Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance Management; and
- effective Governance.

The Audit and Performance Audit Committee has adopted formal terms of reference (charter) that have been approved by Council and has executed its duties during the past financial year in accordance with these terms of reference.

a) Functions of the Audit Committee

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.

- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the municipality.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.
- In addition to above the Audit Committee also performs the function of a performance audit committee. Functions of the Performance Audit Committee In terms of Section 14(4) (a) of the Regulations the performance audit committee has the responsibility to –
 - i) review the quarterly reports produced and submitted by the internal audit process;
 - ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
 - iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

2. Members of the Audit and Performance Audit Committee

The Committee consists of three independent non-executive members.

Members of the Committee for the period 1 July 2014 – 31 December 2014 included:

Mr. J Boshoff, Mr. J Stoffels and Mr. C Erasmus.

As on 30 June 2015 the Audit and Performance Audit Committee comprises of the following members:

NAME	POSITION	PERIOD
A Dippenaar	Chairperson	1 January 2015 – 30 June 2015
J Boshoff	Member	1 July 2014 – 30 June 2015
N van Wyk	Member	1 January 2015 – 30 June 2015

The Municipal Manager, the Chief Financial Officer, directors from departments and representatives from the internal auditors attend the committee meetings. The Committee also values the attendance by the Executive Mayor and the Finance Portfolio Councillor. This also served to improve communication between the Committee and Council.

The external and internal auditors have unrestricted access to the Committee.

3. Meetings

The Audit and Performance Audit Committee held five meetings during this period. Details of the Committee members attendance at meetings is set out in the table below.

MEMBER	22 AUGUST 2014	14 NOVEMBER 2014	20 FEBRUARY 2015	10 APRIL 2015	8 MAY 2015
A Dippenaar			Present	Present	Present
J Boshoff	Present	Present	Present	Present	Present
N van Wyk			Present	Present	Present
J Stoffels	Present	Present			
C Erasmus	Present	Present			

4. Statutory Duties

In execution of its statutory duties during the past financial year, the Audit and Performance Audit Committee received no complaints relating to the accounting practices and internal audit of the municipality, the content of auditing of its financial statements, the internal financial controls of the municipality and other related matters.

Oversight of risk management

The committee has received assurance that the process and procedures followed by the internal auditors are adequate to ensure that financial risks are identified and monitored.

Satisfied itself that the following areas have been appropriately addressed:

- Financial reporting;
- Internal financial controls and
- Fraud risks as it relates to financial reporting and Supply Chain Management.

Internal financial controls

The Committee has:

- reviewed the effectiveness of the municipality's system of internal financial controls, including receiving assurance from management, internal and external audit;
- reviewed the effectiveness of internal controls relating to the SCM system specifically, as it is one of the key fraud risk areas;
- reviewed the municipality's compliance with applicable laws and regulations, including compliance with the SCM regulations and
- reviewed significant issues raised by the internal audit process.

Based on the processes and assurances obtained, the Committee believes that significant internal financial controls are in place and effective.

Annual financial statements and report as on 30 June 2015

The Committee applaud the fact that the Auditor-General has once again issued a clean audit opinion on the financial statements for the year ended 30 June 2015, making it the fourth consecutive year that the Municipality has achieved a clean audit.

The financial statements are prepared in accordance with the South African Standards of Generally Recognized Accounting Practice and in the manner required by the Local Government: Municipal Finance Management Act of South Africa (Act 56 of 2003) and the Division of Revenue Act of South Africa, 2011 (Act 6 of 2011)

External Audit

Based on processes followed and assurances received, nothing has come to the attention of the Committee with regards to the external auditors' independence.

Internal Audit

The Committee has:

- reviewed and recommended the internal audit terms of reference (Charter) for approval;
- evaluated the independence, effectiveness and performance of the internal audit function and compliance with its mandate;

- satisfied itself that the internal audit function has the necessary resources, budget, standing and authority within the Municipality to enable it to discharge its functions;
- approve the internal audit risk based plan; and
- encourage cooperation between external and internal audit.

The head of the internal audit function reported functionally to the Committee and had unrestricted access to all members of the Committee.

Finance Function

The Audit and Performance Audit Committee believes that Mr Herman Botha, the financial chief until end November 2014 and his successor Mr Marius Botha as from 1 December 2014, possessed the appropriate expertise and experience to meet the responsibilities in the position as required by MFMA.

Based on the processes and assurances obtained, the Committee believes the accounting practices are effective.

Performance Management Function

The Audit and Performance Audit Committee has pleasure in reporting on the performance management, as required by section 14 of the Municipal Planning and Performance Management Act of 2001.

The Committee is satisfied that the Mossel Bay municipality did utilize mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, including assessments of the functionality of the performance management system whether the system complied with the requirements of the MSA, and include assessments of the extent to which the performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators.

To ensure compliance of key performance indicators to measure the inputs of processes (economically and efficiently) are determined and compared against set norms/ standards. During the third quarter a review of the Top-Level SDBIP was conducted, and as result amendments to the Top-Level SDBIP were proposed. As per council resolution E26-02/2015 amendments were made to the 2014/15 Top-Level SDBIP.

The internal auditors did audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the Committee.

In terms of functionality the Mossel Bay Municipality implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

The accounting officer of the Mossel Bay Municipality did assess the performance of the municipality for the second half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72 of the MFMA.

The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its annual performance plan/integrated development plan:

- Consistency: the Mossel Bay Municipality has reported [throughout] on its performance with regard to its objectives/indicators/targets as per the approved annual performance/integrated development plan.

The following targets with regard to the indicators were achieved:

- Specific in clearly identifying the nature and the required level of performance.
- Measurable in identifying the required performance.
- Time bound in specifying the time period or deadline for delivery.
- Relevance: the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. It is specific and measurable, and the time period for delivery was specified.
- Reliability: reported performance information can be traced back to the source data or documentation and the reported performance information is accurate and complete in relation to the source data or documentation.

Formal evaluation of employees that are employed in terms of Section 57 of the Local Government: Municipal Systems Act No 32 of 2000 took place during this period.

In summary it can be noted that the Performance Management System of the Mossel Bay Municipality, the implementation and monitoring of the system is in line with all legislative and functional requirements of the Municipality.

In Summary the Audit and Performance Audit Committee confirms that:

- Sufficient controls are in place to ensure the Municipality utilised their available resources in the most economical, efficient and effective manner in the development of the IDP in setting development priorities and objectives.
- A proper process was followed in the development and implementation of the Municipality's Performance Management System.
- The Municipality followed the process prescribed in the Performance Management System (PMS) to develop and improve its Key Performance Indicators (KPI's).
- The KPI's comply with the relevant statutory requirements.
- The Municipality followed the process prescribed in its PMS to set performance targets.
- The performance targets comply with the relevant requirements.

- The Municipality's actual service delivery process is performance target driven.
- The Municipality monitor its actual progress in terms of a formally documented process.
- The Municipality has followed the internal control procedures as prescribed in the PMS to monitor its performance.
- The Municipality followed the process prescribed in its PMS to measure and report on their performance.
- The Municipality followed the process prescribed in its PMS to revise their strategies and objectives.

5. Conclusion

The Audit and Performance Audit Committee is pleased with the continued maintenance of a high level of performance.

The Committee values the sound relation with Council and Staff and without compromising on independence, feels that a good relationship is imperative for the smooth functioning of the Committee. The Committee cherishes its role as a watchdog, but also respects the role of Council and Staff to make decisions without interference from the Audit and Performance Audit Committee.

The Council and Management takes a keen interest in the workings of the Committee in order to identified potential problems at an early stage and in such a manner that they can be addressed in time to make it easier to achieve a clean Audit Report and good governance.

On behalf of the Audit and Performance Audit Committee



ABJ DIPPENAAR

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